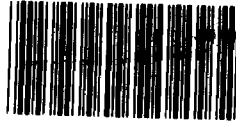


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UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548



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FOR RELEASE ON DELIVERY
EXPECTED AT 8:00 A.M.
THURSDAY, MARCH 12, 1981

STATEMENT OF

MILTON J. SOCOLAR

ACTING COMPTROLLER GENERAL OF THE UNITED STATES

BEFORE THE

LEGISLATIVE SUBCOMMITTEE OF THE APPROPRIATIONS COMMITTEE

UNITED STATES SENATE

ON

[BUDGET ESTIMATES FOR FISCAL YEAR 1982]

SEN00309

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

We are pleased to be here to discuss the GAO's fiscal year 1982 budget request. The GAO "Justification of Estimates for FY 1982," which has already been given to you, details our budget request. GAO needs the requested funds to sustain our effective assistance to the Congress when it considers legislation and oversees the Federal Government's operations.

In considering our request, it's important to keep in mind the following:

- While GAO workload for FY 1981 has increased and will increase further in 1982, especially as additional legislation is enacted and appropriation bills are considered, we are requesting no increases over staff levels requested to meet workload requirements two years ago.
- Despite every effort to cut costs, funding constraints of the past several years have eroded the coverage GAO

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has been able to carry out under its basic statutory responsibilities. Continuing this trend can only make it more difficult for Congress to carry out its legislative, funding, and oversight responsibilities.

--Funds provided to GAO are returned many times over.

Over the past 4 years, congressional and agency actions on GAO recommendations saved \$20 for each dollar appropriated to GAO, with direct, quantifiable savings adding up to \$14.5 billion.

A SUMMARY OF GAO'S REQUEST FOR RESOURCES

GAO's FY 1982 appropriation request is for \$244,878,000--the amount needed to fund the 5,350 staff years required to meet GAO's responsibilities this coming year. The requested appropriation includes increases over FY 1981 levels to meet mandatory pay increases and to provide funds for the 150 authorized staff years required by increased GAO workload.

The following table presents estimated costs from which our total is derived.

GAO's FY 1981 Appropriation	\$210,000,000
For Proposed Supplemental--Civilian Pay Raise	\$ <u>12,902,000</u>
Estimated FY 1981 Obligations	\$222,902,000
Increases Based on Higher Cost To Operate at Current Levels	\$ 12,736,000
Increases for Increase in Average Number of Positions	\$ 6,043,000
System Improvements (Primarily One-time Computer System Development Costs)	\$ 3,345,000
Decreases in Costs	\$ <u>(148,000)</u>
Total Appropriation Request for FY 1982	\$ <u>244,878,000</u>

About \$12.7 million, or 55 percent, of the \$22-million increase in our FY 82 budget request from our estimated 1981 obligations is the result of either mandatory cost increases we must absorb or inflation. GAO has traditionally been extremely conservative in its budget requests. Our FY 82 budget request of \$244.9 million represents an increase of \$197.4 million over the FY 1966 GAO appropriation, the first year I was Comptroller General. But \$158.4 million, or 80 percent, of this increase over 16 years was to cover the effects of inflation. Only \$39 million, or 20 percent, represents the real growth in GAO's budget from FY 66 to FY 82.

GAO'S MANDATE AND INTERACTION WITH THE CONGRESS

The concern of the Congress and the American public at large over high inflation can scarcely be overstated. This makes the business of GAO--to eliminate Government waste and assure effective, efficient expenditure of public funds--all the more important. Established by the Budget and Accounting Act of 1921, GAO was to strengthen congressional control over the public purse. GAO's mandate has been expanded most significantly by legislation in 1946, 1950, 1970, 1974, and 1980. Its major functions are to

- assist the Congress in its legislative and oversight responsibilities;
- audit and evaluate programs, activities, and financial operations of Federal departments and agencies; and
- carry out financial control and related functions with respect to most Federal Government programs and operations, including legal services, accounting, and claims settlement work.

Now more than ever, GAO's pursuit of economy and efficiency in Government ought not to be compromised for lack of adequate funding. Now more than ever, Congress needs a strong GAO to help

it achieve its budgetary objectives. GAO is the best single asset Congress has in finding ways to achieve savings in the executive branch.

GAO serves the entire Congress. Whether requested by a committee or a Member or pursuant to our basic statutory requirements, GAO's audits and evaluations strive to meet current and foreseeable congressional needs. We are continually in contact with congressional committees to keep abreast of their interests. We share information with the Congressional Budget Office, the Congressional Research Service, and the Office of Technology Assessment to improve our reports and avoid duplication of effort. Keyed to the congressional timetable, our work is regularly used by the Congress in authorization, appropriation, and oversight hearings.

Fifteen years ago, only 7 percent of GAO's work was for direct assistance—work required by specific statute on a one-time basis or work specifically requested by congressional committees or individual Members. At that time I believed that increasing that percentage would make GAO work more relevant to congressional needs. As a result, direct assistance work has increased steadily, constituting 38 percent in FY 1980.

Under GAO's basic mandate, we are required to review activities of essentially all Government agencies. As the budget has increased and new programs have been enacted, GAO's workload has increased. In addition, there are many specific statutes that require the allocation of our resources. Attachment I lists these specific continuing legislative requirements.

Funding restrictions and the need to respond first to congressional requests have impaired GAO's ability to carry out its

basic statutory responsibilities over the last several years. Without sufficient GAO audit and evaluation coverage of federally funded programs, important opportunities are lost to improve the economy, efficiency, and effectiveness of Federal programs, and the Congress will be denied information on how well Federal programs are operating. I will illustrate the nature of this coverage by touching on only two areas--energy and the economy.

During calendar years 1978 and 1979 alone, GAO issued over 100 reports on energy programs and problems to the Congress, its committees, and Members. These reports varied widely, from quick turnaround studies of the energy and economic effects of the Iranian oil shortfall, deficiencies in training nuclear workers, and the merits of creating a massive synthetic fuels industry (each completed in less than a month) to detailed and comprehensive studies of the Three Mile Island accident, and liquified energy gas safety; from traditional reviews of ongoing programs for enforcing price controls on crude oil resellers, commercializing solar energy, and maintaining and safeguarding the Strategic Petroleum Reserve to policy-oriented assessments of electric energy options in the Northwest and the future role of the Tennessee Valley Authority.

Reports were issued on a variety of economic issues, such as the Nation's balance of payments and competitiveness in international markets; Federal credit assistance and direct loan and loan guarantees, involving \$450 billion; and the underground economy, amounting in 1976 to about \$100-135 billion in unreported income. When the trend toward Federal cutbacks prompted the Congress to reduce program funding, GAO assisted with its report on the effect of eliminating the States from the General Revenue

Sharing Program. GAO also provided the Congress with many reports on the antirecession program, including recommendations which eventually led to the program's termination. GAO's reports on New York City's fiscal crisis were able to deal not only with the City's accounting and budgeting operations but also to examine the long-term fiscal viability of the City, involving studies of the City's economic base.

GAO recently studied the effectiveness of the Council on Wage and Price Stability in fighting inflation; the "income" aspects of tax administration; and the effects on Federal programs of indexing for inflation.

This work relates to only 2 of 36 major issue areas in which GAO is extensively involved. But it leads me to a key point about workload, staffing, and funding.

WORKLOAD, STAFFING, AND FUNDING

We find ourselves in the uncomfortable position of having to rob Peter to pay Paul. We are using resources initially planned for work required by our basic statutes to meet growing congressional requests. And much of the work required by our basic statutes results in significant dollar savings--\$2.4 of the \$3.7 billion savings from GAO recommendations in FY 1980. The effect is that we are losing the flexibility to satisfy the immediate needs of direct congressional requests without sacrificing the scheduled work required by our basic statutes.

By legislation and by committee and Member requests, Congress has greatly increased GAO's workload in recent years. This, I believe, directly reflects congressional recognition of the role that GAO plays in making Government programs work better and at less cost. Unfortunately, while congressional actions have

increased GAO's workload, funds have not been provided commensurate with the task. For FY 1979 GAO received funds for only 5,100 staff years, although 5,289 were authorized by the Congress. For FY 1980 and FY 1981 only 5,200 staff years were funded. For FY 1982 GAO will need funds to permit the use of 5,350 staff years. This is the same level requested in FY 1980, when GAO's workload was smaller.

Last year, in presenting GAO's budget request, we estimated that requests for audit and evaluation work in FY 1980 by committees and Members would require 1,350 staff years. That work actually required 1,619 staff years--reflecting, we believe, recognition of the importance of GAO's assistance to the Congress.

The effect of not providing the funds that GAO needs to do its job is exacerbated by the fact that GAO annually has absorbed workload increases to the maximum extent possible. Further reductions necessarily cut into the level of our audit and evaluation coverage. I am concerned that this trend not continue. Its effect is to deprive the Congress of an important tool for achieving better, less costly, Government.

GAO'S VALUE IN REDUCING COSTS
AND IMPROVING PROGRAMS

GAO is the only Federal agency with full-time, Government-wide responsibility to help Congress find ways to reduce Federal spending and make Government work better. Working under this mandate, GAO has consistently made recommendations which saved many times its appropriation. Over the past 4 years (FY 77-80), those congressional and agency actions on GAO recommendations which can be quantified saved \$20 for each dollar appropriated

to GAO. Put another way, \$724 million appropriated to GAO saved the Government \$14.46 billion. During the first quarter of FY 1981, GAO recorded about \$1.7 billion in measurable savings resulting from its recommendations.

These savings, as large as they are, are very conservatively computed. The figures include one-time savings and, where multi-year savings result from GAO recommendations, they include only the savings realized during the first year of their implementation. Numerous groups have made much larger estimates of the amount of funds that could be saved as a result of our work. The House Republican Study Committee, for example, estimated in August 1980 that about \$28 billion in unnecessary Federal expenditures resulting from poor management could be saved by implementing certain GAO recommendations made between January 1979 and July 1980.

GAO's dollar estimates represent quantifiable savings only and do not include the vast financial savings of GAO recommendations which cannot be readily or adequately measured. For example, what is the price tag on the potential lives and property saved after improvements recommended by GAO were made in storing and transporting hazardous liquified energy gas? How much are the improvements worth made by the Justice Department which resulted from GAO recommendations to combat fraud in Federal programs? What will it mean to Vietnam veterans when the Veterans Administration conducts a GAO-recommended study on the long-term health effects on veterans exposed to the herbicide "agent orange"? Attachment II lists our "Financial Savings and Other Benefits Attributable to the Work of the General Accounting Office, Fiscal Year 1980."

These savings demonstrate a significant way in which GAO supports the accomplishment of congressional objectives. Of the \$3.7 billion savings from GAO recommendations in FY 1980, \$2.4 billion resulted from work done pursuant to GAO's basic legislative requirements. The other \$1.3 billion resulted from work based on committee and Member requests and from audits required by specific statutes. Since GAO cannot direct agencies to accept its recommendations, these tangible savings and all other benefits resulting from its work were achieved only because the Congress or the executive branch agencies involved were persuaded by the analyses and facts developed by GAO.

Finally, I'd like to move on to some organizational changes in GAO I believe will be of interest to the Subcommittee.

RECENT ORGANIZATIONAL CHANGES

In April 1980, I established in GAO an Institute for Program Evaluation. Title VII of the Congressional Budget and Impoundment Control Act of 1974 contains a strong charter for developing and improving GAO's program evaluation capabilities. When considering the legislation, the Congress initially considered including language in section 702 requiring the GAO to establish an office concerned with program evaluations. We advised the Congress that GAO needed some flexibility to assess how best to organize to meet the congressional mandate. The final language of section 702(a) of the Act gave GAO that flexibility by authorizing the Comptroller General to establish such a unit.

Over the years GAO has taken major steps to strengthen its program evaluation capabilities. By 1980 we had both the staff expertise and a sufficient understanding of congressional and

executive branch program evaluation needs to make an organizational change. The Institute, which was established by reallocating existing GAO resources, will foster program evaluation and improve the technical skills required by the kinds of analysis dictated by the increasingly complex problems facing this country and the Congress. Its work is already being well integrated into the work and plans of all GAO divisions.

Two other recent changes, effective January 5, 1981, should be mentioned:

--establishment of the Mission Analysis and Systems Acquisition Division and a Procurement, Logistics and Readiness Division to replace the Procurement and Systems Acquisition Division and the Logistics and Communications Division. This change realigns responsibilities within and between those divisions.

It will help GAO make its recommendations more useful to congressional and executive branch decisions involving major weapons and other systems requiring large investments and strengthen our work in the defense area.

--consolidation of responsibility for GAO work involving both Federal and non-Federal data in a single division, the General Government Division, to enable GAO to better evaluate the implementation of the Paperwork Reduction Act of 1980.

During the past year we have been updating past GAO work to encourage the implementation of recommendations which have budget savings potential but which have not yet been implemented. In

addition we are emphasizing new and ongoing work having the potential for budget savings which would be relevant to congressional consideration of the FY 1982 Federal budget. Finally, we have recently provided House and Senate Committees with suggestions for possible budget cuts without impairing the achievement of statutory objectives. I am submitting for the record a statement on FY 1982 budget reduction and cost containment recommendations made available to congressional committees for use as they consider agency appropriation requests and proposed authorizations or reauthorizations of Federal programs.

* * * * *

In summary, our objective is to assist the Congress in its desire that government be run more economically, more efficiently and more effectively; that government do well those things which it is supposed to do, and that it stop trying to do things which it is evidently incapable of doing economically, efficiently and effectively.

The General Accounting Office is one of the most important tools available for achieving these objectives. Our mission, our organization, and our skills are all pointed toward one target, finding ways to make government work more economically, more efficiently and effectively. Given the resources, we can find and tell you about the fraud, the abuse, and the inefficiency in programs, and how to eliminate them. We can tell you about the programs which are not achieving the objectives you set for them, or which have outlived their usefulness, or which overlap and duplicate other programs, or which force State and local governments, businesses and individuals to jump through expensive and

meaningless hoops. But, we can do this only if we have the people--skilled, dedicated, experienced people--to do it. That is the central point of our budget request.

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Legislatively Mandated Work for the General Accounting Office

I. Audits, Reviews and Evaluation.

A. Work mandated since 1970.

1. We are required to monitor various recurring reporting requirements of the Congress and its committees and also required to make recommendations for changes and improvements in reporting requirements. (Legislative Reorganization Act of 1970, as amended, § 202(d), 31 U.S.C. § 1152(d).)
2. We are required to develop, establish, and maintain an up to date inventory and directory of sources and information systems containing fiscal, budgetary and program-related data and information and a brief description of their content. This is done in cooperation with Treasury and OMB. (Legislative Reorganization Act of 1970, as amended, § 203(b)(1), 31 U.S.C. § 1153(b)(1).)
3. We are required to develop and recommend to the Congress methods for reviewing and evaluating Government programs and activities. (Legislative Reorganization Act of 1970, as amended, § 204(c), 31 U.S.C. § 1154(c).)
4. We are required to cooperate with Treasury and OMB in the development, establishment, and maintenance of standardized data processing information systems for fiscal, budgetary and program-related information. (Legislative Reorganization Act of 1970, as amended, § 201, 31 U.S.C. § 1151)
5. We are required to develop, establish, maintain and publish standard terminology, definitions, classifications and codes for Federal fiscal, budgetary, and program-related data and information. This is done in cooperation with Treasury and OMB. (Legislative Reorganization Act of 1970, as amended, § 202(a), 31 U.S.C. § 1152(a).)
6. We are required to conduct a continuing program to identify and specify the needs of Committees and Members of the Congress for fiscal, budgetary, and program-related information and report annually to the Congress thereon. (Legislative Reorganization Act of 1970, as amended, § 202(c) & (e), 31 U.S.C. § 1152(c) & (e).)
7. We are required to assist Committees in developing their information needs including those expressed in legislative requirements. (Legislative Reorganization Act of 1970, as amended, § 202(d), 31 U.S.C. § 1152(d).)

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8. We are required upon the request of Committees, Joint Committees and Members of the Congress to provide them assistance in securing Federal fiscal, budgetary and program-related information. (Legislative Reorganization Act of 1970, as amended, § 203(b)(2), 31 U.S.C. § 1153(b)(2).)

9. We are required to provide assistance to Committees and Joint Committees, and to the extent practicable, Members of the Congress, in appraising and analyzing fiscal budgetary and program-related data and information. (Legislative Reorganization Act of 1970, as amended, § 203 (b)(3), 31 U.S.C. § 1153(b)(3).)

10. We are required to assist any Committee or Joint Committee of the Congress in developing statements of legislative objectives and goals and methods for assessing and reporting actual program performance in relation thereto. Also we are required to assist Committees and Joint Committees in analyzing and assessing program reviews or evaluation studies. (Legislative Reorganization Act of 1970, as amended, § 204(b), 31 U.S.C. § 1154.)

11. We are required at the request of any Committee or Joint Committee of the Congress to explain and discuss any report made by this Office which would assist the Committee in the consideration of proposed legislation or program reviews. (Legislative Reorganization Act of 1970, as amended, § 231, 31 U.S.C. § 1171.)

12. We are required to prepare and distribute a monthly and annual list of GAO reports. (Legislative Reorganization Act of 1970, as amended, § 234, 31 U.S.C. § 1174.)

13. We are required to audit the Internal Revenue Service and the Bureau of Alcohol, Tobacco, and Firearms of the Department of the Treasury. We are required to report to House Government Operations and Ways and Means Committees, Senate Finance and Governmental Affairs Committees and the Joint Committee on Taxation on results of audits. (Accounting and Auditing Act of 1950, as amended, § 117(d), 31 U.S.C.A. § 67(d).)

14. We are required to audit and report on the Financial Institutions Examination Council; the Federal Reserve Board; Federal Reserve Banks, branches and facilities; Federal Deposit Insurance Corporation; and, Comptroller of the Currency. (Accounting and Auditing Act of 1950, as amended, § 117(e), 31 U.S.C.A. § 67(e).)

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15. We are required to review at request of either House of Congress or any Committee thereof, the financial and actuarial statements furnished for Federal Government pension plans. (Accounting and Auditing Act of 1950, as amended, § 122, 31 U.S.C.A. § 68b.)

16. We are required to audit and report on the continuing ability of the Kennedy Center to pay its operating costs and for assuring cost-of-living formula fairly and accurately reflects the use of the building. (John F. Kennedy Center Act, as amended, § 6(f), 20 U.S.C.A. § 76(f).)

17. We are required to audit and report on receipts and disbursements pertaining to fiscal records of the appropriated and trust funds of the Office of Sergeant at Arms of the House of Representatives every 6 months. (2 U.S.C. § 81(a).)

18. We are required to annually audit private organizations conducting activities in or on Capitol Buildings or Grounds. These include:

- Senate Office Beauty Shop
- U.S. Capitol Historical Society
- Senate Employees Barber Shop
- House and Senate Credit Unions
- House Majority and Minority Printing Clerks

(Legislative Reorganization Act of 1970, as amended, § 451, 40 U.S.C. § 193m-1.)

19. We are required to annually report to the Congress on the performance audit of the National Railroad Passenger Corporation. (Rail Passenger Service Act of 1970, as amended, § 805, 45 U.S.C.A. § 644.)

20. We are required to annually audit the financial transactions of the National Credit Union Administration. (Federal Credit Union Act, as amended, § 102(f), 12 U.S.C.A. § 1752a(f).)

21. We are required to audit the financial transactions of the Federal Deposit Insurance Corporation. (Federal Deposit Insurance Act, as amended, § 2[17], 12 U.S.C.A. § 1827.)

22. We are required to audit the financial transactions of the Farm Credit Administration. (Agricultural Marketing Act, as amended, § 14, 12 U.S.C.A. § 1141i.)

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23. We are required to annually audit of the accounts and operations of the District of Columbia. (District of Columbia Government and Governmental Reorganization Act, §736, 31 U.S.C. § 61 and D.C. Code 47-120-1.)
24. We are required to annually audit and report on financial transactions of Panama Canal Commission. (Panama Canal Act of 1979, § 1313, 22 U.S.C.A. § 2723.)
25. We are required to annually audit the payments required by paragraph 5, Article III of the Panama Canal Treaty of 1977. (Panama Canal Act of 1979, § 3751, 22 U.S.C. § 3751.)
26. We are required to certify that amount of requested appropriation for the Panama Canal Commission for any fiscal year does not exceed estimated revenues which will be deposited to Panama Canal Commission Fund during that fiscal year plus unexpended balance in fund prior to the fiscal year in question. (Panama Canal Act of 1979, § 1302(c)(2), 22 U.S.C.A. § 3712(c)(2).)
27. We are required to review OMB's compliance with requirements to provide VA annual personnel ceilings. (38 U.S.C.A. § 5010(a)(4)(C), added by § 301(a) of Pub. L. 96-151, 93 Stat. 1095.)
28. We are required to audit the accounts of the Synthetic Fuels Corporation once every three years. (United States Synthetic Fuels Corporation Act of 1980, Pub. L. 96-294, title I, part B, § 177, 42 U.S.C.A. § 8777.)
29. We are required to audit the financial transactions of the Solar Energy and Energy Conservation Bank. (Solar Energy and Energy Conservation Bank Act of 1980, Pub. L. 96-294, title V, § 505(b), 12 U.S.C.A. § 3603.)
30. We are required to monitor agency determinations as to the rights of small businesses and nonprofit organizations in inventions conceived or first actually reduced to practice under a funding agreement with a Federal agency. (35 U.S.C.A. § 202(b)(2), as amended by Pub. L. 96-517, § 6, 94 Stat. 3020.)
31. We are required to annually report on the manner in which laws relating to patent rights of private individuals in inventions made with Federal assistance are being complied with. (35 U.S.C.A. § 202(b)(3), as amended by Pub. L. 96-517, § 6, 94 Stat. 3020.)

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32. We are required to annually audit compliance with disclosure requirements for legislative personnel. (Ethics in Government Act of 1978, § 109(a), 2 U.S.C. § 709.)

33. We are required to annually report on the activities of the Merit System Protection Board and Office of Personnel Management. (5 U.S.C. § 2304 as added by Civil Service Reform Act of 1978, Pub. L. 95-454, § 101(a), 92 Stat. 1118.)

34. We are required to review agency performance appraisal systems to determine extent to which they comply with the requirements of law. (5 U.S.C. §§ 4304 & 4312, as added by Pub. L. 95-454, §§ 203(a) and 405(a), 92 Stat. 1134 and 1167.)

35. We are required to review and report on independent audits of the Inter-American Development Bank. (Inter-American Development Bank Act, as amended, § 14(c), 22 U.S.C. § 283j-1(c).)

36. We are required to report every two years on the operation of the surplus property distribution system, whether laws relating thereto are being complied with and whether the needs of Government agencies are being met. (Pub. L. 94-519, § 10, 90 Stat. 2451, 40 U.S.C.A. § 493.)

37. We are required to review and report on the Commodity Futures Trading Commission. (Commodity Exchange Act, as amended, § 8(g), 7 U.S.C. § 12(g).)

38. We are required to review the Secretary of the Interior's annual report and evaluation of his methodology for allowing wells to be shut-in or to flare natural gas. Findings and recommendations thereon submitted to the Congress. (Outer Continental Shelf Lands Act Amendments of 1978, § 601(b), 43 U.S.C.A. § 1861(b).)

39. We are required to review and report on any examinations, reviews, and evaluations performed by professionally qualified groups on U.N. and its affiliated agencies, the International Bank for Reconstruction and Development, and the Asian Development Bank. (Foreign Assistance Act of 1961, as amended § 301(d), 22 U.S.C. § 2221(d).)

40. We are required to annually audit the Trans-Alaska Pipeline Liability Fund. (Trans-Alaska Pipeline Authorization Act, § 204(c) 43 U.S.C. § 1653.)

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41. We are required to monitor and evaluate the operation of the Department of Energy. (Department of Energy Organization Act, § 207, 42 U.S.C.A. § 7137.)

42. We are required to annually conduct a performances audit of the Energy Information Administration. (Department of Energy Organization Act, § 205(e), 42 U.S.C.A. § 7135(e).)

43. We are required to continually evaluate §§ 7(i), (j) and 8(a) programs. (Small Business Act, as amended, by Pub. L. No. 95-507 § 204, 92 Stat. 1765, § 7(j)(8), 15 U.S.C.A. § 636(j)(8).)

44. We are required to audit the financial transactions of Corporation for Public Broadcasting. (Communications Act of 1934, as amended, § 396(1)(2)(A) 47 U.S.C.A. § 396(1)(2)(A).)

45. We are required to verify certifications by President of expenditures for the purpose of care and maintenance of White House; official entertainment expenses of the President; and, subsistence expenses of persons traveling on official business with President. (3 U.S.C.A. § 105(d), as added by Pub. L. 95-570 § 1(a), 92 Stat. 2446.)

46. We are required to verify certifications of expenditures by Vice President for official entertainment; and subsistence of person traveling on official business with Vice President. (3 U.S.C.A. § 106(b), as added by Pub. L. 95-570, § 1(a), 92 Stat. 2446.)

47. We are required to conduct reviews to enable Congress to evaluate compliance with title I of the Act (Revenue Sharing). (State and Local Fiscal Assistance Act of 1972, as amended, § 123(c), 31 U.S.C. § 1243.)

48. We are required to audit the accounts of the Student Loan Insurance Fund. (Higher Education Act of 1965, as amended, § 432, 20 U.S.C.A. § 1082(b)(2).)

49. We are required to audit every six months recipients of loan guarantees for construction and start-up and related cost for demonstration facilities for conversions of fuels into alternative sources. (Federal Nonnuclear Energy Research and Development Act of 1974, as amended, § 19(x)(1)(A), 42 U.S.C.A. § 5919(x)(1)(A).)

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50. We are required to annually audit the financial transactions of Neighborhood Reinvestment Corporation once every three years. (Neighborhood Reinvestment Corporation Act, § 607, 42 U.S.C.A. § 8106.)

51. We are required to review the independent audits of recipients of financial assistance under the Airport and Airway Development Act. (Airport and Airway Development Act of 1970, as amended, § 26, 49 U.S.C. § 1726.)

52. We are required to report on Executive reviews of proposed recissions, reservations or deferrals of budget authority. (Impoundment Control Act of 1974, § 1014(b), 31 U.S.C. § 1404(b).)

53. We are required to report on undisclosed recissions, reservations or deferrals of budget authority. (Impoundment Control Act of 1974, § 1015(a), 31 U.S.C. § 1405.)

54. Annual Appropriation Acts for the Department of the Interior require audits of the territorial and local governments under the congingzance of the Office of Territorial Affairs. (See for example Pub. L. 96-514, 94 Stat. 2668-2670.)

55. We are required to comment on the annual report filed by the enrolled actuary with respect to the D.C. Police Officers and Firefighters Retirement Fund. (District of Columbia Retirement Reform Act, § 145, D.C. Code 1-1825 (Supp. VII, 1980).)

56. The Comptroller General is required to participate as a member of the Chrysler Loan Guarantee Board. (Chrysler Corporation Loan Guarantee Act of 1979, Pub. L. 96-185, § 3, 93 Stat. 1325, 15 U.S.C.A. § 1862.)

57. We are required to audit the African Development Foundation once every three years. (African Development Foundation Act, Pub. L. 96-533, § 508, 94 Stat. 3155.)

58. We are required to report on the implementation of the Nuclear Nonproliferation Act and its impact on non-proliferation policies, purposes and objectives. (Nuclear Non-Proliferation Act of 1978. § 602(e), 22 U.S.C.A. § 3282.)

59. We are required to examine the operations of hospital-affiliated primary health care facilities. (Public Health Service Act, as amended, § 328, 42 U.S.C.A. § 254a-1.)

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60. We are required to evaluate and report on exemptions provided health maintenance organizations, combinations of health maintenance organizations and health care facilities from obtaining certificates of need before making expenditures for equipment or services or obligating for capital expenditures. (Health Planning and Resources Development Amendments of 1979, § 117(c), 42 U.S.C.A. § 300m-6 note.)

61. We are required to analyze the impact of Congressional review of final rules promulgated by FTC in the FTC's decision-making and rulemaking and report thereon. (Federal Trade Commission Improvements Act of 1980, Pub. L. No. 96-252, § 21(e)(1), 94 Stat. 395, 15 U.S.C.A. § 57a-1.)

62. We are required to report on the effect of the Multiemployer Pension Plan Amendments Act of 1980 on participants, employees, employee organizations and others and the self sufficiency of the fund established to guarantee multiemployer basic benefit plans. (Multiemployer Pension Plan Amendments Act of 1980, Pub. L. No. 96-364, § 413, 94 Stat. 1309, 29 U.S.C.A. § 1001 note.)

63. We are required to analyze the report filed by Director of OMB with House and Senate Appropriations Committees concerning obligation of appropriations by agencies receiving funds under the Department of Transportation and Related Agencies Appropriation Act, 1981. (Pub. L. No. 90-400, § 308, 94 Stat. 1698.)

64. We are required to evaluate the effectiveness of the Office of Chesapeake Bay Research Coordination; the Chesapeake Bay Research Board; and, the Chesapeake Bay Research Coordination Act of 1980, (Pub. L. No. 96-410, § 8, 94 Stat. 2048.)

65. We are required to analyze the report filed by Director of OMB with House and Senate Appropriations Committees concerning obligation of appropriations by Agencies receiving funds under the Department of Housing and Urban Development-Independent Agencies Appropriation Act, 1981. (Pub. L. No. 96-526, § 414(c), 94 Stat. 3066.)

66. We are required to evaluate programs and activities authorized by Pub. L. No. 96-592, the Farm Credit Act Amendments of 1980, including their effect on agricultural credit services. (Farm Credit Act of 1971, § 530 as added by Pub. L. No. 96-592, § 509, 94 Stat. 3451.)

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67. We are required to annually report on the status of certain specified contracts for the procurement of landing helicopter assault vessels and nuclear attack submarines and on expenditures of funds made to provide relief to certain specified contractors under authority of 50 U.S.C. § 1431. (Department of Defense Appropriation Authorization Act, 1979, Pub. L. 95-485, § 821(c).)

68. We are required to conduct verification examinations of books, records, papers or other documents of various persons including energy producers, processors, refiners transporters by pipeline, distributors and petroleum companies. Examinations at request of any committee of either House of Congress having jurisdiction over energy matters or the laws administered by the Secretary of the Interior or the Secretary of Energy. (Energy Policy and Conservation Act as amended, § 501(b) 42 U.S.C.A. § 6381(b).)

69. We are required to audit the accounts of the House Beauty Shop revolving fund at direction of select committees. (Legislative Branch Appropriations, 1970, § 101, 83 Stat. 347.)

70. We are required to annually audit the accounts of Federal Home Loan Bank Board. (Federal Home Loan Bank Act, as amended, § 18(c)(6), 12 U.S.C. § 1438(c)(6).)

B. Work Mandated Prior to 1970.

1. We are required to investigate and report annually to the Congress on all matters relating to the receipt, disbursement and application of public funds. We are also required to include any recommendations concerning legislation necessary to facilitate, among other things, economy and efficiency in Government. (Budget and Accounting Act, 1921, as amended, § 312 (a), 31 U.S.C. § 53(a).)

2. We are required to report on every contract or expenditure made in violation of law. (Budget and Accounting Act, 1921, as amended, § 312(c), 31 U.S.C. § 53(c).)

3. We are required to report on the adequacy and effectiveness of administrative examination of accounts and claims by departments and establishments and adequacy and effectiveness of departmental inspection of the offices and accounts of fiscal officers. (Budget and Accounting Act, 1921, as amended, § 312(d), 31 U.S.C. § 53(d).)

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4. We are required to make investigations and reports requested by either House of Congress or by any Committee of either House having jurisdiction over revenue, appropriations or expenditures. Requires Office staff to provide aid or information at the request of any of these Committees. (Budget and Accounting Act, 1921, as amended, § 312(c), 31 U.S.C. § 53(b).)

5. We are required to audit the financial transactions of wholly-owned and mixed-ownership Government Corporations and report to Congress once every three years. These Corporations include:

- Commodity Credit Corporation
- Federal Housing Administration
- Overseas Private Investment Corporation
- Federal Prison Industries, Incorporated
- Export-Import Bank of the United States
- Federal Savings and Loan Insurance Corporation
- Tennessee Valley Authority
- Pennsylvania Avenue Development Corporation
- Federal Crop Insurance Corporation
- Government National Mortgage Association
- St. Lawrence Seaway Development Corporation
- Federal Financing Bank (see 12 U.S.C. § 2293)
- Inter-American Foundation
- Pension Benefit Guaranty Corporation
- Federal Home Loan Banks
- Rural Telephone Bank
- U.S. Railway Association
- National Railroad Passenger Corporation
- National Credit Union Administration Central Liquidity Facility (see 12 U.S.C. § 1795h)
- National Consumer Cooperative Bank

(Government Corporation Control Act, as amended, §§ 105 & 106, 31 U.S.C. §§ 850 & 851.)

6. We are required to study restrictions and limitations on expenditures appearing in general appropriations acts. (Legislative Reorganization Act of 1946, § 205, 31 U.S.C. § 59.)

7. We are required to perform expenditure analysis of each Government agency. (Legislative Reorganization Act of 1946, § 206, 31 U.S.C. § 60.)

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8. We are required to annually report on departures of the Federal Maritime Commission and the Secretary of Commerce from the Merchant Marine Act, 1936. (Merchant Marine Act, 1936, as amended, §§ 207 & 905(e), 46 U.S.C. § 1117.)
9. We are required to audit the destruction, cancellation and the accounting for the destruction and cancellation of currency deemed unfit for circulation. (Pub. L. 89-427, § 5, 80 Stat. 161, 31 U.S.C. § 49a.)
10. We are required to annually review and report on funds on the books of the Government and recommended changes to laws relating thereto. (Permanent Appropriations Repeal Act, § 24, 31 U.S.C. § 725w.)
11. We are required to audit the activities of the Government Printing Office once every three years. (44 U.S.C. § 309.)
12. We are required to audit the financial transactions of the National Homeownership Foundation once every three years. (Housing and Urban Development Act of 1968, as amended, § 107, 12 U.S.C. § 1701y.)
13. We are required to annually audit the Bureau of Engraving and Printing Revolving Fund. (Act of August 4, 1950, ch. 558, § 6, 64 Stat. 410, 31 U.S.C. § 181d.)
14. We are required to review and report on the activities financed by the OPM revolving fund once every three years. (5 U.S.C. § 1304(e)(6).)
15. We are required to annually audit the Disabled American Veterans Corporation. (36 U.S.C. § 901(b)(1).)
16. We are required to annually audit the accounts established and maintained by Secretary of HUD to implement the provisions of the United States Housing Act of 1937. (United States Housing Act of 1937, as amended, § 105, 42 U.S.C. § 1437h.)
17. We are required to audit the financial transactions of each executive, legislative and judicial agency. (Accounting and Auditing Act of 1950, as amended, § 117(a), 31 U.S.C. § 67(a).)
18. We are required to report to the Secretary of the Treasury concerning application of money appropriated for the Army, Navy and the Air Force. (Rev. St. § 283, as amended, 31 U.S.C. § 103.)

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19. We are required to perform reviews, audits, or evaluations of any Federal education program when requested by any committee of Congress having jurisdiction over the statute authorizing the program. (General Education Provisions Act, as amended, § 419, 20 U.S.C. § 1227.)

II. Accounting Work Mandated by Law.

1. We are required to prescribe forms, systems and procedures for administrative appropriation and fund accounting in the Departments and for administrative examination of fiscal officers accounts. (Budget and Accounting Act, 1921, as amended, § 309, 31 U.S.C. § 49.)
2. We are required to prescribe principles, standards, and related requirements for accounting to be observed by each executive agency. (Accounting and Auditing Act of 1950, as amended, § 112(a), 31 U.S.C. § 66(a).)
3. We are required to cooperate with executive agencies in developing their accounting systems. (Accounting and Auditing Act of 1950, as amended, § 112(b), 31 U.S.C. § 66(b).)
4. We are required to review the accounting systems of the executive agencies. (Accounting and Auditing Act of 1950, as amended, § 112(c), 31 U.S.C. § 66(c).)
5. We are required to review and report on agencies' accounting systems. (Accounting and Auditing Act of 1950, as amended, § 112(c), 31 U.S.C. § 66(c).)
6. We are required to prescribe principles and standards for accounting for property; to cooperate with executive agencies in the development of their property accounting systems; to approve agency property accounting systems; to examine agency property accounting systems to determine compliance with prescribed principles and standards. Noncompliance is to be reported to the Congress. (Federal Property and Administrative Services Act of 1949, as amended, § 205(b), 40 U.S.C. § 486(b).)
7. We are required to furnish OMB any requested information relating to expenditures and accounting. (Budget and Accounting Act, 1921, as amended, § 312(c), 31 U.S.C. § 53(e).)

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III. Claims Work or Decisions Mandated by Law.

1. We are required to settle claims by or against the Government and accounts of the Government either as debtor or creditor. (Rev. St. § 236 as amended, 31 U.S.C. § 71, 10 U.S.C. §§ 2575, §4592 & 9592.)
2. We are required to certify to Treasury for payment, all judgments rendered by U.S. District Courts, Court of Claims, compromise settlements made by the Attorney General, and awards of the Boards of Contract Appeals after setoff of any claims the Government might have against the plaintiff. (28 U.S.C. § 2414 & 2517 and 31 U.S.C. §§ 227 & 724a.)
3. We are required to issue in conjunction with the Attorney General standards for guidance of Federal agencies for claims collection. We are required to pursue collection action on claims referred to the Office by other agencies for collection. (Federal Claims Collection Act of 1966, 31 U.S.C. §§ 951-953.)
4. We are required to review GSA action on claim for transportation service upon request of carrier. (Transportation Act of 1980, as amended, § 322(b), 49 U.S.C. § 66(b).)
5. We are required to approve destruction of records relating to claims or demands by or against the Government. (44 U.S.C. § 3309.)
6. We are required to hear request by senior lienholder against property to have the Government release its junior lien against the same property. (28 U.S.C. § 2410.)
7. We are required to render decisions at request of disbursing officers, or heads of departments and establishments of Government on questions involving payments to be made by them or under them. (Dockery Act, as amended, § 8, 31 U.S.C. § 74.)
8. We are required to render decision to certifying officers on questions of law involved in the payment of any voucher before them. (Act of December 29, 1941, ch. 3, § 3, 31 U.S.C. § 82d.)
9. We are required to render decisions to Library of Congress certifying officers on any question of law involved in the payment of any voucher presented to them for payment. (Pub. L. No. 85-53, as amended, § 1, 2 U.S.C. § 142b.)

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10. We are required to render decisions to District of Columbia certifying officers on any questions of law involved in a payment on any vouchers presented to them for verification. (Act of July 30, 1951, ch. 246, § 4, D.C. Code 47-120b.)

11. We are required to render decisions to GPO certifying officers on any questions of law involved in a payment on any vouchers presented to them for certification. (44 U.S.C. § 308, as amended.)

12. Various provisions of law require Office to decide requests for relief from personal liability of disbursing, certifying or other accountable officers. 2 U.S.C. §§ 142b, 142e; 31 U.S.C. §§ 82a-1, 82a-2, 82c, 156; 44 U.S.C. § 304; and, D.C. Code 47-120a.

13. We are required to provide financial and Administrative services to OTA. (Technology Assessment Act of 1972, § 9, 2 U.S.C. § 478.)

14. We are required to furnish advisory opinion to the Secretary of Transportation, Health and Human Services, Education and Commerce on proposed regulations especially affecting the department under the Secretary's jurisdiction. (37 U.S.C. § 1011(c).)

Financial Savings and Other Benefits

Chapter Three

GAO cannot compel the agencies or the Congress to accept its recommendations. Thus, action on our recommendations rests on the persuasiveness of our arguments. Agency management and the Congress must be convinced that our analyses are sound and that it is in their interests to take the actions we recommend. Agencies' awareness of the Congress' attention to our reports no doubt stimulates their interest in and attention to recommendations made to them.

The effect of GAO's activities on financial savings and improvements in the operations and effectiveness of Government programs and activities cannot be fully measured. The increase in governmental effectiveness from actions taken on some

of our recommendations simply cannot be stated in dollars and cents.

When actions taken by the Congress or an agency lead to measurable savings, we record them. The following table summarizes the \$3.7 billion in collections and other measurable savings which we identified as attributable to our work during fiscal year 1980. Of the \$3.7 billion listed, about \$2.8 billion represent one-time savings, while the benefits of the other \$900 million will extend into future years as well. These amounts were \$2.6 billion, \$1.9 billion, and \$700 million respectively for fiscal year 1979.

This chapter also describes savings not fully or readily measurable and other benefits from GAO activities.

Collections

Collections attributable to our activities totaled \$69.5 million. Of this, \$4.7 million represented our recovery of debts that Government agencies had been unable to collect.

Progress in developing the capability of other agencies to refer uncollectible debts directly to the Department of Justice has greatly reduced GAO's direct collection activity. For example, following our recommendations, the Social Security Administration recovered \$26 million in benefits overpayments to persons whose earnings exceeded an annual exempt

Collections and Other Measurable Savings Attributable to Work of the General Accounting Office Fiscal Year 1980

(000 Omitted)

DEPARTMENTS	Collections	Congressional Action Involved	Agency Action Involved	Total
Agriculture	\$ 930	\$	\$ 800	\$ 1,730
Air Force	1,995	70,000	901,512	973,507
Army		332,200	20,749	352,949
Commerce			57	57
Defense	17,505	709,604	184,958	912,067
District of Columbia Government		22	2,807	2,829
Education	260			260
Energy	22	15,000	315,000	330,022
General Services Administration	477	200	2,075	2,752
Health and Human Services	34,610	22,000	14,196	70,806
Housing and Urban Development			199,600	199,600
Interior	1,071	51,500	629	53,200
Justice	300		2,761	3,061
Labor			129,275	129,275
Navy	57	216,700	21,663	238,420
Postal Service	12			12
State			2,150	2,150
Transportation		59,000		59,000
Treasury			5,700	5,700
Veterans Administration	7,613	223,763	6,890	238,266
Government-wide			146,582	146,582
	<u>\$64,852</u>	<u>\$1,699,989</u>	<u>\$1,957,404</u>	<u>\$3,722,245</u>
General Claims Work	4,700			4,700
Total	<u>\$69,552</u>	<u>\$1,699,989</u>	<u>\$1,957,404</u>	<u>\$3,726,945</u>

amount. Other major collections included recoveries by the Veterans Administration for educational assistance overpayments or student loans, the Department of Health and Human Services for excessive carryover balances from Head Start grantees, and the Department of Defense for a use charge on foreign military sales from Defense inventories.

Other Measurable Financial Savings

Other measurable savings consist largely

of actual or potential savings from actions taken or planned by the Congress and Federal agencies. In most instances, the potential benefits are estimated.

Additional Financial Savings Not Fully or Readily Measurable

Much of our work recommends changes either to promote the efficiency of pro-

gram operations or to achieve the results for which an activity or program was initially designed. Given the nature of this work, not all the resulting improvements or savings can be measured. Examples of achievements not readily measurable are presented here.

(This section is continued after chart at the bottom of p. 73)

Actions taken or planned	Estimated savings	Actions taken or planned	Estimated savings
Automatic Data Processing:			
Reduction in the WWMCCS ADP program—Defense (nonrecurring)	\$ 46,700,000	FBI (estimated annual savings)	156,000
Termination of the Army's Tactical Operations System Program—Army (nonrecurring) ...	51,500,000	Correction of programming error on special computer-controlled communications equipment—Defense (estimated annual savings)	36,000
Reduction in number of computer systems to be acquired under Phase IV program—Air Force (\$4,600,000 estimated annual savings and \$737,000,000 nonrecurring)	741,500,000	Reduction on cost of WATS line used by the Army Survivor's Benefit Program—Army (estimated annual savings)	22,000
Elimination of planned acquisition of additional computer for telecommunications purposes that can be handled by existing equipment—Defense (\$380,000 estimated annual savings and \$260,000 nonrecurring)	640,000	Reductions in appropriations and improvements in DOD's Dedicated Communication Services—Defense (estimated annual savings)	5,000,000
Reduction in appropriation request for computer upgrade—National Security Agency (nonrecurring)	1,000,000	Termination of additional DSCS II satellite procurement—Defense (nonrecurring)	105,200,000
Termination of TACFIRE procurements—Army (nonrecurring)	153,100,000	Community Development and Housing:	
Communications:		Regulations issued increasing the terms of Housing Assistance Payment contracts with housing developers to 20 years from 5 years resulting in savings of subsidy costs—Housing and Urban Development (estimated annual savings)	150,000,000
Termination of SSS satellite development—Defense (nonrecurring)	51,400,000	Elimination of rent reduction incentive in an effort to contain increases in section 8 existing housing costs and streamline program administration—Housing and Urban Development (estimated annual savings)	49,600,000
Consolidation, automation, and elimination of telecommunications centers—Defense (\$91,000,000 estimated annual savings and \$183,000,000 nonrecurring)	274,000,000	Revision of rent-adjustment schedule for District of Columbia Government public housing tenants—District of Columbia Government (estimated annual savings)	456,000
Increased use of FTS by military installations—Defense (\$10,300,000 estimated annual savings and \$25,300,000 nonrecurring)	35,600,000	Updating rent schedule for public housing—District of Columbia Government (estimated annual savings)	679,000
Consolidation of management of selected data circuits—GSA, FBI, IRS, Secret Service, and Alcohol, Tobacco, and Firearms (estimated annual savings)	180,000	Recovery of costs for utility consumption on tenant-owned appliances in public hous-	
Channel-pack certain data circuits supporting the National Criminal Information Center—			

Financial Savings and Other Benefits

<i>Actions taken or planned</i>	<i>Estimated savings</i>
ing—District of Columbia Government (estimated annual savings)	72,000

Construction:

Avoidance of unnecessary additional construction at an electronic/electrical rework facility and other expenditures—Navy (nonrecurring)	13,563,000
Denial of additional funding for construction projects at the Veterans Administration Medical Center in East Orange, New Jersey—Veterans Administration (nonrecurring)	7,900,000
Denial of funding request for a solar hot water system and connecting corridor for the Nursing Home Care Unit project at the Gainesville, Florida, Veterans Administration Medical Center—Veterans Administration (nonrecurring)	252,000
Cancellation or reduction in scope of planned construction projects and transfer of excess equipment—Bureau of Prisons (nonrecurring)	1,426,000

Contracting Policies and Procedures:

Improvements in contracting procedures—Bureau of Prisons (estimated annual savings)	69,000
Guidance provided to contracting officers on incorporating most economical rate into contracts with halfway houses—Bureau of Prisons (estimated annual savings)	1,000,000

Criminal Justice:

Increased utilization of Federal Community Treatment Centers—Bureau of Prisons (estimated annual savings)	109,000
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Education:

Congress directed the Bureau of Indian Affairs to close two schools—interior (estimated annual savings)	10,000,000
Reduction in the District of Columbia Public Schools' budget for the operation of the Capitol Page School—District of Columbia Government (estimated annual savings)	22,000
Increased services provided to East-West Center by University of Hawaii—State Department (estimated annual savings)	200,000

<i>Actions taken or planned</i>	<i>Estimated savings</i>
Employment and Training:	

Arrangement for Army to be prepared to train Navy and Marine helicopter pilots to avoid equipment procurement—Defense (nonrecurring)	60,000,000
Termination of DOL's Employment Security Automation Project—Labor (nonrecurring)	129,000,000
Curtailment of costly recruitment activities in Puerto Rico during the 1979 apple harvest and implementation of recommendations to prevent misuse of CETA funds in future harvests—Labor (nonrecurring)	275,000

Financial Management:

Reduction by \$6.6 million of foreign currency holdings in Europe—Defense (estimated annual savings)	528,000
Establishment of requirement for the payment of interest on the U.S. investment in the Panama Canal—Defense (estimated annual savings)	20,000,000
Reduction of \$5.2 million in cash balances held by accounting and finance offices—Defense (estimated annual savings)	416,000
Improvements in audit information and accounting systems increases recovery of overpayments identified in internal audit reports—Health and Human Services (estimated annual savings)	4,800,000
Improvements in cash management procedures for remitting payments to insurers for Federal Employee Health Benefits and Group Life Insurance Programs—Office of Personnel Management (estimated annual savings)	4,650,000
Improved procedures to prevent duplicate payments to halfway houses—Health and Human Services (estimated annual savings) ..	150,000
Changes in systems for determining value of imported merchandise resulting in lower Customs Service administrative costs—Customs Service (estimated annual savings) ..	1,800,000

Foreign Military Sales:

Change in pricing to recover a four-percent charge on foreign military sales items produced on Government-owned plant and	
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Financial Savings and Other Benefits

<i>Actions taken or planned</i>	<i>Estimated savings</i>
equipment—Defense (estimated annual savings)	34,444,000
Change in pricing to recover a one-percent charge on foreign military sales items sold from Defense inventories—Defense (estimated annual savings)	8,357,000
Reduction of appropriations as a result of agency's failure to collect quality assurance costs on foreign military sales contracts—Defense (nonrecurring)	32,000,000
Denial or reprogramming request for damage claims reimbursement to a foreign government—Defense (nonrecurring)	12,300,000

Management:

Reduction in the 1980 GSA appropriation request for records declassification activities of the National Archives and Records Service—GSA (nonrecurring)	200,000
Reduction in the expenditures for film preservation by the National Archives and Records Service—GSA (nonrecurring)	1,246,000
Reduction in space requirements and corresponding expenditures for the VA records processing center in St. Louis, Missouri—GSA (estimated annual savings)	623,000
Reduction in appropriations for DOD's Tri-Service Medical Information System—Defense (nonrecurring)	12,500,000
Reduction in requested Defense appropriations for recreation specialists positions for the Army in Europe—Army (nonrecurring)	4,400,000
Closing of enlisted dining facility and replacement of military personnel with civilians at the Naval Weapons Support Center—Defense (estimated annual savings)	33,600
Closing of consulates and consulates general posts overseas—State Department (estimated annual savings)	1,900,000
Reduction in costs by filling certain positions with civilians instead of sworn officers—District of Columbia Government, Metro Transit Police, U.S. Park Police (\$947,000 estimated annual savings and \$265,000 nonrecurring)	762,000
Reduction in staffing level for Office of Investigations, U.S. Customs Service—Customs Service (estimated annual savings)	1,900,000

Actions taken or planned **Material Management:**

Implementation of system enhancements to improve tracking of costs and schedule baseline for the strategic petroleum reserve—Energy (nonrecurring)	240,000,000
Implementation of disposal regulations and utilization of existing Customs Service storage facilities to reduce storage costs for property forfeited or voluntarily abandoned at ports of entry—Commerce and Interior (estimated annual savings)	57,000
Location of unrecorded assets at Army retail supply activities which were needed to fill local and Army-wide requirements—Army (nonrecurring)	10,700,000
Identification of low-cost low-use items available from commercial supply sources—Defense (nonrecurring)	6,700,000
Implementation of a new war reserve item essentiality system which better identifies critical items to an aircraft's mission and better allocates funding for war reserve parts having higher priority—Air Force (nonrecurring) ..	67,700,000
Proper consideration of serviceable materiel returns in forecasting inventory requirements—Army (estimated annual savings) ..	46,000,000
Reduction of excess watercraft in storage and readjustment of Product Improvements Program costs—Army (\$153,263 estimated annual savings and \$6,144,000 nonrecurring)	6,297,263
Reductions in Army's fiscal year 1980 ammunition-related appropriations and improvements in ammunition war reserve materiel inventories—Army (nonrecurring)	120,200,000
Reduction in fiscal year 1980 Defense appropriation to encourage DOD to dispose of unneeded inventory retained for possible sale to foreign governments—Defense (nonrecurring)	11,300,000
Reduced requirements for war reserve spare parts for the U.S. Air Force, Europe—Air Force (nonrecurring)	23,348,000
Reduction in appropriation request to reflect savings possible by using available serviceable parts to avoid repairs—Army (nonrecurring)	3,000,000
Reduction in inventory requirements through elimination of duplication of unfilled orders in buy computations—Defense (estimated annual savings)	25,000,000

Financial Savings and Other Benefits

<i>Actions taken or planned</i>	<i>Estimated savings</i>	<i>Actions taken or planned</i>	<i>Estimated savings</i>
Consolidation of two Defense mail-order catalog systems to reduce operating costs—Army, Navy, Air Force (estimated annual savings)	1,588,000	Reduction in civil service disability retirement costs—Office of Personnel Management (estimated annual savings)	140,000,000
Medical Care:		Reduction in sick leave appropriation—Defense (nonrecurring)	58,800,000
Contract for a feasibility study on using expanded function dental auxiliaries was not awarded—Veterans Administration (nonrecurring)	611,000	Reduction of payments to States under Public Law 94-565 and other land payment adjustment acts—Interior (estimated annual savings)	46,000
Correction of errors in computing hospital, skilled nursing facilities, and home health reimbursement limits—Health and Human Services (estimated annual savings)	546,000	Procurement:	
Reduction in Veterans Administration expenditures for fee dental care and increased operational efficiency at Seattle dental clinic—Veterans Administration (estimated annual savings)	890,000	Correction of procurement actions that violated various appropriations laws—Interior (nonrecurring)	583,000
Military Readiness:		Termination of unauthorized personnel services contracts—State Department (nonrecurring)	50,000
Reduction in flying hour requirements of about 8,000 hours annually—Navy and Marine Corps (estimated annual savings)	8,100,000	Termination of planned sole-source contract award on the Ft. Hood solar energy project—Energy (nonrecurring)	20,000,000
Payments to Government Employees and Others:		Reduction in cost of base support operations by contracting certain functions—Army (estimated annual savings)	2,590,000
Enactment of legislation to allow the payment of a cash incentive to military personnel who move their own household goods—Defense (estimated annual savings)	6,000,000	Improvement in bid solicitations to move household goods resulting in savings in permanent change of station funds—Defense (estimated annual savings)	4,000,000
Correction of pay and personnel procedures in the Army National Guard and Reserve to eliminate erroneous payments—Army (estimated annual savings)	1,100,000	Reductions of Government-furnished materials provided to contractors—Defense (nonrecurring)	415,300
Reduction in erroneous welfare payments—District of Columbia Government (nonrecurring)	1,500,000	Cancellation of purchase request for two switching locomotives—Marine Corps (nonrecurring)	300,000
Elimination of veterans' benefits for certain military dropouts—Defense and Veterans Administration (estimated annual savings)	215,000,000	Reduction of Defense appropriation request for economies possible in shipping cargo overseas—Defense (nonrecurring)	22,500,000
Collection of educational assistance overpayments and defaulted educational loans from veterans—Veterans Administration (estimated annual savings)	6,000,000	Cost avoidance by obtaining lower rates for moving DOD shipments of household goods overseas—Defense (estimated annual savings)	3,000,000
Identification of sugar ineligible for the Agricultural Payment Program—Agriculture (nonrecurring)	800,000	Productivity:	
		Improved productivity at Air Force maintenance depots resulting in cost avoidance in fiscal year 1980—Air Force (nonrecurring)	70,000,000
		Improvement of productivity at Navy shipyards—Navy (nonrecurring)	82,300,000

<i>Actions taken or planned</i>	<i>Estimated savings</i>	<i>Actions taken or planned</i>	<i>Estimated savings</i>
Real Property Maintenance:			
Cancellation of one of two FRAM destroyer overhauls scheduled during fiscal year 1980—Navy (non-recurring)	15,000,000	agency motor pool in Honolulu, Hawaii—GSA (nonrecurring)	206,000
Improvement in combat vehicle maintenance practices in Mainz, West Germany—Army (nonrecurring)	40,000	Elimination of five AMTRAK routes based on route criteria and standards—National Railroad Passenger Corporation (estimated annual savings)	59,000,000
Research:		Weapons Systems:	
Eliminating two proposed energy research contracts—Energy (nonrecurring)	2,600,000	Reduction in contract cost for development and production of the F-16 aircraft—Air Force (nonrecurring)	19,064,000
Modification of plans for fluidized-bed combustion test facility—Energy (nonrecurring)	52,400,000	Deletion of requirement for certain special electronic equipment which was not needed for the planned future mission of the B-52G aircraft—Air Force (non-recurring)	8,000,000
Revenues:		Reduction of appropriation request for the advanced strategic air-launched missile program—Air Force (nonrecurring)	41,800,000
Change in classification of machine-processed cigarette leaf tobacco resulting in increased import duties—Customs Service (estimated annual savings)	2,000,000	Reduction in appropriation for the surveillance towed array sensor system—Navy (non-recurring)	119,400,000
Social Security:		Other Items:	
Resolution of uncleared 1974-1976 Social Security earnings enforcement cases and improvement of control system for resolving such cases—Health and Human Services (estimated annual savings)	8,700,000	Reduction of number of military dependents authorized overseas—Defense (estimated annual savings)	3,204,000
Reduction in estimate of the first year cost of section 301 of the Social Security Disability Amendments of 1980—Health and Human Services (nonrecurring)	22,000,000	Restriction of trading of commodity options—Commodity Futures Trading Commission (nonrecurring)	990,000
Transportation:		Elimination of funds for low-cost/no-cost energy conservation program expansion—Energy (nonrecurring)	15,000,000
Reduction in number of vehicles in the inter-		Improvements in land acquisition practices—Agriculture and Interior (nonrecurring)	41,500,000

(Con't from p. 69)

Establishment of a Loan Program To Stimulate Small-Hydropower Development

In our report to the Chairman, Senate Committee on Natural Resources, and the Chairman, Senate Subcommittee on Energy Conservation and Supply, we concluded that development of small-hydropower resources through the Rural Energy Initiative Program has not been effective. We pointed out that (1) a

small-hydropower loan program authorized by Title IV of the Public Utilities Regulatory Policies Act of 1978 (PURPA) was not being pursued by the Department of Energy (DOE) and (2) a loan program funded and managed by DOE as authorized by PURPA would be the best environment for pursuing the development of small-hydropower resources.

In June 1980, the Congress enacted sections 408 and 409 of the Energy Security Act which directs the Secretary of

Energy to establish within 6 months such rules and regulations needed to fully implement Title IV of PURPA. (EMD-80-66, April 1, 1980)

Improvements in Controls Over Cash, Inventories, and Accounts Payable

In our report to the Government Printing Office (GPO), we discussed our examination and testing of the internal controls

for the accounting and safeguarding of cash, publications held for sale, accounts payable, and three inventories—paper, materials, and supplies. To ensure that all these assets were properly managed and safeguarded, we suggested that GPO establish written procedures describing in detail, operations, system flow, and lines of responsibility for each of the functions we reviewed: admit only authorized personnel in the GPO mailroom; instruct security guards at the central warehouse to comply with GPO orders setting forth their duties; and establish procedures to ensure the recording of any destruction of publications for sale. In addition, we suggested that processing second invoices should be avoided to preclude duplicate payments.

In a letter dated April 21, 1980, the Acting Public Printer stated that GPO documented responsibilities and procedures for processing cash and for other systems, completed the redesign of the mailroom to improve security in that area, counseled security guards to comply with GPO orders regarding their assigned duties, studied the accounts payable function to preclude duplicate payments, and issued current instructions concerning the destruction of publications for sale inventory. We believe these improvements contribute to the overall improvement of GPO operations. (LCD-80-36, February 20, 1980)

Establishment of an Army Maintenance Management Improvement Program

In our report entitled "The Key to Improving Maintenance of Army Equipment Commanders Must Motivate Their Personnel," we recommended that the Army stress command emphasis on maintenance, require on-the-job training programs in the units, evaluate the effectiveness of unit training programs, ensure that support maintenance units communicate with supported unit commanders, and periodically reevaluate maintenance task assignments, which should be reassigned, as appropriate, to the lowest level possible.

In implementing these recommendations, the Army established the Maintenance Management Improvement Pro-

gram (MMIP) in early 1979 and set five primary objectives: (1) focus command emphasis, (2) upgrade maintenance operations, (3) strengthen maintenance training, (4) improve management of people, and (5) improve publications, tools, and repair parts support.

Actions taken thus far by the Army under MMIP include publishing a new, easier-to-use, maintenance guide for leaders; designing a more durable equipment log book and streamlining recordkeeping requirements; revising the concept for calibrating and repairing test, measurement, and diagnostic equipment; refining the training methods for maintenance personnel; and establishing a system mechanics program whereby the mechanic is trained exclusively for repairing a single weapons system rather than across-the-board skills, as in the past. Revised programs of instruction for the system mechanics were used in October 1980 for the first time. (LCD-78-428, December 22, 1978)

Action Taken To Close Out Repairs and Alterations Prospectuses

In our report to the Administrator, General Services Administration (GSA), we noted that approximately \$52 million of prospectus authority related to prospectuses approved prior to 1972. In view of the current building and construction costs and possible changes in the work requirements for those buildings, we suggested that the scope of work described in those prospectuses may no longer be valid. Therefore, we recommended that the Administrator of General Services invalidate prospectuses approved prior to fiscal year 1973 to cancel or revise those that are outdated.

By letter dated May 30, 1979, GSA advised the congressional committees that it (1) agreed with the recommendation, (2) had reviewed 39 prospectuses approved prior to 1972, and (3) had closed out 25. More current information indicates 25 were closed out. Based on our review of data relating to those 25, we estimate that the closing of 21 of the prospectuses can be attributed to our recommendation. The closing out of the prospectuses pre-

cludes GSA from expending \$15.8 million against the authority granted under such prospectuses. We are unable to estimate the actual savings, however, as it is possible that some work included in the closed-out prospectuses could be authorized under new prospectuses. (LCD-78-335, March 21, 1979)

Guidance to DOE on Contract Ratification and Contracting for Basic Management Functions

In our report, we pointed out that Department of Energy (DOE) staff made contractual commitments without going through the procurement process. While such practice does often speed delivery of a product, it does little to ensure that DOE obtains the best available product at the lowest price. DOE subsequently issued a departmental notice which specifies that only contracting officers may make contractual commitments and emphasizes that unauthorized employees making unauthorized commitments are to be held personally liable.

The report also noted the need for clarification as to what management services are acceptable for contractors to perform. DOE issued a departmental notice specifically defining functions which contractors cannot perform. Finally, the report recognized a need for a procurement training program, which DOE implemented. (EMD-80-2, November 2, 1979)

More Efficient Nuclear Regulation

In a report to the Chairman, Nuclear Regulatory Commission, we found that the Commission staff wanted to make mandatory an existing utility system for voluntarily reporting events at nuclear powerplants. The utilities' voluntary system is in addition to, and somewhat duplicative of, the Commission's mandatory system of reporting safety-related events. To prevent duplication and inefficient regulation, we recommended that the Commission resolve the issue by using rulemaking procedures.

The Commission accepted our recommendation and issued an advance notice of proposed rulemaking on January 30, 1980, to obtain industry and public comments to help the Commission formulate a definitive position on the issue. (EMD-79-16, January 26, 1979)

Action Taken on Performing a New Benefit-Cost Study on Libby Dam

In our report to Senator Baucus, we pointed out that the benefit-cost study used by the Corps of Engineers to justify constructing a regulating dam downstream from Libby Dam was based on a method no longer applicable to the energy picture in the Northwest. Therefore, the project benefits were overstated. We recommended the Corps do a new benefit-cost study using different methodology.

In commenting on our report, the Assistant Secretary of the Army pointed out the Corps had done a new benefit-cost study. The Congress has not authorized the construction of the dam and it has been excluded from authorization legislation. (EMD-80-25, November 20, 1979)

Determination Made Concerning Whether Public or Private Interests Have Preference in Relicensing Hydroelectric Facilities

Our report to the Congress pointed out that, because the Federal Energy Regulatory Commission (FERC) had not decided whether public or private interests had preference in relicensing hydroelectric facilities, present operators might be hesitant to expend existing sites. Sites where licenses were expiring through June 1981 have about 425 megawatts of potential additional capacity that could be developed.

On June 27, 1980, FERC ruled that, in relicensing a hydroelectric project, preference would be given to municipalities in which a public and private application for the same project were determined to be equal. (EMD-80-30, January 11, 1980)

Changes in the National Flood Insurance Program Should Help Communities Better Implement the Program

We recommended that the Secretary of Housing and Urban Development (HUD) have the Federal Insurance Administration (FIA) provide communities with the detailed data available in its files to help local planners and building officials manage their flood plains. We also recommended that HUD standardize the reporting format used by FIA to make it easier to compare and analyze their problems in implementing the National Flood Insurance Program.

The FIA has directed its regional directors to supply to communities, upon request, copies of work maps, guidelines, and specifications affecting all future flood insurance studies. Standardizing the reporting format should help FIA better implement the program. (CED-79-58, March 22, 1979)

Improvements Made To Enhance the Child Care Food Program's Ability To Provide Nutritious Meals at Healthful Feeding Sites

We found that over 60 percent of the meals tested at selected feeding sites under the Department of Agriculture's (USDA's) Child Care Food Program did not meet USDA's minimum nutritional standards for weight or contain required meal components. In addition, unhealthy conditions existed at 20 percent of the feeding sites visited. At 75 percent of the sponsors whose recordkeeping we evaluated, systems for maintaining records did not support claimed expenses: meal counts or costs were overstated; and records of eligibility were unreliable. Almost 20 percent of these sites which had engaged in practices that suggested fraud or program abuse were referred to USDA's Office of Inspector General.

As a result of our disclosures and other indications of needed improvements, USDA initiated a series of actions to improve program management including improving the planning process, modifying financial management regulations, strengthening

the administrative review process, issuing financial guidelines, and developing a comprehensive monitoring and evaluation system.

Substantial unmeasurable savings should result because of the above actions and others that are planned to improve program management and strengthen the program's fiscal integrity. (CED-80-91, June 6, 1980)

The Department of the Interior Has Undertaken Numerous Actions for Providing Effective Aid To Improve Government Operations in American Samoa

We recommended that the Secretary of the Interior clarify the U.S. Government's roles and responsibilities in American Samoa by establishing territorial development goals and priorities, adequately evaluating Federal grant programs, and assisting in developing comprehensive programs for staff development and living and employment. We also recommended the Secretary establish a separate organization to provide technical assistance and use the best possible approach to provide information on the purpose and intent of all Federal funds and assistance furnished to American Samoa.

In a letter dated June 27, 1980, Interior advised us of specific actions that have been taken with respect to our recommendations. For example, the President announced a new Federal territorial policy on February 14, 1980, and charged Interior with the executive branch's responsibilities for territorial matters. Interior stated that it had initiated a study of Federal grant programs that would assist American Samoa in its evaluation of these programs and their administration. Interior also advised us that the American Samoa Government had nearly eliminated the 1979 recorded grant overruns as compared with approximately \$1.6 million in overruns as of September 30, 1978. In addition, Interior stated that the U.S. Government Comptroller for American Samoa is now performing audits of the grant programs and will continue to do so in the future. (CED-78-154, September 22, 1978)

Improvement of Federal Agencies' Methods for Performing Benefit-Cost Analysis for Water Resources Projects

We recommended that the water resources agencies work together through the Water Resources Council (WRC) to improve their procedures for performing benefit-cost analysis. In addition, the agencies were encouraged to provide more uniform and specific estimating procedures through amending WRC's "Principles and Standards for Planning Water and Related Land Resources."

WRC responded to our recommendations by publishing in the *Federal Register* a revised "Principles and Standards for Planning Water and Related Land Resources" and "Procedures for Evaluation of National Economic Development Benefits and Costs in Water Resources Planning." These actions should ensure better and more consistent benefit-cost analysis and help in deciding which water resources projects will be funded.

While a specific dollar savings cannot be determined, the size of the fiscal year 1980 budget for the construction and maintenance of water resources (in excess of \$3 billion) indicates its value. (CED-78-127, August 7, 1978)

Better Management Needed in DOD To Prevent Fraudulent and Erroneous Contract Payments and To Reduce Real Property Maintenance Costs

Our review of the award and administration of real property maintenance and repair contracts identified serious weaknesses in the Naval Facilities Engineering Command's procedures for verifying and controlling contract payments. In the course of this review, we developed evidence to show that contractors have taken extensive advantage of these internal control weaknesses, charging the Government for more work than was actually performed.

We reported our findings to the Naval Facilities Engineering Command and rec-

ommended improvements in its internal control system. We also recommended that appropriate action be taken to recover overcharges and payments made to contractors to date.

The Navy Facilities Engineering Command made extensive revisions in its contracting procedures to implement our recommendations and thereby strengthened its internal controls. (PSAD-80-14, January 9, 1980)

Potential for Savings and Improvements Needed in DOE Contracting for Moving and Storage Services

After reviewing the Department of Energy's (DOE's) procurement practices in contracting for moving and storage services, we recommended various actions to strengthen DOE's management controls. In response, the Secretary of Energy advised that DOE's actions were to (1) discontinue use of the General Services Administration's term contract for services other than moving; (2) obtain advertised, fixed-price contracts through GSA for large moves; (3) assign specific and separate duties to DOE personnel for the purpose of evaluating moving needs, and certifying and monitoring services provided; (4) provide training sessions for DOE personnel to take advantage of discounts; and (5) establish a Distribution Facilities System to account for the receipt, inspection, storage, issue, and inventory control of all DOE office furniture.

Savings should accrue to DOE in the future from tightening controls and using GSA fixed-price contracts for its larger moves. (PSAD-80-26, February 20, 1980)

Justice Department Makes Improvements To Combat Fraud in Federal Programs

In a report to Congresswoman Holtzman, we recommended that the Department of Justice

- address, through better guidance and training, the concerns preventing coordination of criminal and civil cases. Such guidance can also increase the

awareness of civil remedies and the benefits of using such remedies.

- develop an adequate referral system which will ensure timely civil consideration of all fraud matters.
- strengthen the management and enforcement of fraud debt collections.
- explore with the Congress and the States the possibility of a uniform statute allowing collection of Federal fraud judgments without regard to presently differing State laws.

Justice has agreed to revise and expand its material on civil fraud remedies and is considering the development of a special course for assistant U.S. attorneys (being designed under the auspices of the Attorney General's Advocacy Institute). Also, the guidelines currently published in the *U.S. Attorney's Manual* are being redrafted by the Civil Division. The concerted effort to clarify and coordinate guidance will have a significant effect on the prosecutive policy of all fraud cases.

U.S. attorneys from 25 of the largest U.S. attorneys' offices, at a meeting held in November 1979, agreed to increase their emphasis on solving the problems associated with fraud prosecutions. As suggested in our report, the U.S. attorney for the district of New Jersey presented to the group procedures used by that office for coordinating fraud prosecutions, referring cases for civil action, and collecting fines.

In the area of management and enforcement of fraud debts, Justice's Civil Division directed its Judgment Enforcement Unit to undertake additional field trips to U.S. attorneys' offices to determine how judgments are enforced. Steps were also taken to assign additional paralegal resources effectively. To improve the management information systems with Justice, the Attorney General appointed a special assistant with responsibilities for this specific area of Justice's operations. (One such information system is a comprehensive management information system for tracking and identifying fraud debtors.) Further, within the Civil Division, substantial resources are being devoted to improving case-tracking and other information systems.

Justice agreed that it should explore with the Congress the possibility of a uniform statute allowing the collection of Federal fraud judgments without regard to presently differing State laws. To this end, Justice intends to draft legislation. (GGD-80-7, October 25, 1979)

Taxpayer Waiting Time at IRS Walk-In Service Offices

On April 10, 1979, we issued a letter report on our review of the Internal Revenue Service's (IRS) walk-in service offices. We advised IRS in the report and by separate letter that while the IRS-developed walk-in contact cards provided historical information concerning taxpayer service, they were not being used to provide timely information during the peak tax filing season. Our report demonstrated how the walk-in cards could be used to provide IRS managers with current information on walk-in taxpayer assistance. This information could be used to detect and correct problems and assist with staff scheduling.

Responding to our report, IRS agreed with our assessment and stated it was updating instructions on the use of walk-in cards and was developing an automated system. On February 5, 1980, we met with IRS Taxpayer Service representatives and were told that IRS used our report to persuade IRS field managers of the value and need for continued use of the walk-in cards and an automated system. Starting in January 1980, IRS established a new Walk-in Management Information System to provide monthly reports within 3 weeks after the close of each month. Statistical data will be provided on each post of duty by hour, day, and week, and type of service.

IRS believes the system will provide valuable planning information and anticipate significant savings from the system by

- eliminating or consolidating underutilized posts of duty,
- making greater use of part-time versus full-time employees during peak periods, and
- adjusting office hours to conform to taxpayer usage. (GGD-79-53, April 10, 1979)

Improvements Made in Coordinating Federal Juvenile Delinquency Activities Among Federal Agencies

The Law Enforcement Assistance Administration (LEAA) improved Federal juvenile delinquency-related coordination activities among Federal agencies and began efforts to establish an information clearinghouse. Our report, "Federal Juvenile Delinquency-Related Activities: Coordination and Information Dissemination Are Lacking," identified several reasons why coordination mechanisms established under the Juvenile Justice and Delinquency Prevention Act were not functioning properly. LEAA had not effectively carried out its leadership mandate because it had not developed meaningful reports, encouraged interagency projects, or provided adequate support and direction to the Coordinating Council; furthermore, LEAA had not established an information clearinghouse or adequately explored the possibility of using existent clearinghouse mechanisms.

In late 1979, LEAA began to assert leadership at the Federal level by proposing specific goals and objectives for the Coordinating Council and by developing a work plan to achieve them. LEAA designated specific funding to provide the Council with direct staff support, and provided a staff member to work on Council activities.

Also in late 1979, LEAA issued an annual report which identified and analyzed Federal programs related to juvenile delinquency. The report appears to be LEAA's most comprehensive analysis of Federal juvenile programs, and should provide a basis for improved coordination.

LEAA has also begun to establish a juvenile justice information clearinghouse by expanding LEAA's already existing National Criminal Justice Reference Service rather than developing its own separate clearinghouse. While the dollar savings are not measurable, this action should eliminate the costs of duplicating existing dissemination mechanisms. (GGD-79-63, August 3, 1979)

Improvements Made in Bureau of Prisons' Contracting Procedures

The Bureau of Prisons implemented GAO's recommendations for overhauling its contracting procedures, resulting in recurring savings of about \$69,000 annually to the Bureau of Prisons. Federal Procurement Regulations provide that contract proposals be supported by statements and analyses of estimated costs or other evidence of reasonable prices and provide that some form of price or cost analysis should be made in connection with every negotiated procurement action. At all the halfway houses included in our review, the Bureau failed to obtain adequate cost and pricing data or perform an adequate analysis of the proposal. Our analysis of three proposals showed instances where costs could not be supported or were unallowable, and we brought these matters to the Bureau's attention. As a result, the Bureau took steps to negotiate reduced compensation rates.

In commenting on our November 1979 draft report on community-based correction programs, the Bureau stated that it was completely overhauling its contracting procedures. This action will result in additional savings associated with other contracts not measurable at this time. (GGD-80-25, February 15, 1980)

Procedures Implemented for Better Sharing of Information on Offenders

The Bureau of Prisons and the Federal Probation System, at GAO's recommendation, implemented procedures for better sharing of information on offenders. In our report entitled "Community-Based Correctional Programs Can Do More To Help Offenders," we pointed out that correctional staff and probation officers were not always able to make program recommendations for offenders because the necessary information was not available. We also pointed out that the Bureau was not consistently forwarding accurate reports on the institutional performance of inmates to halfway houses.

In commenting on our report, the Federal Probation System and the Bureau of

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Prisons concurred with our findings. An Inter-Agency Advisory Program was established, and it holds regular meetings between agencies to work on communication problems related to offender needs and program requirements. Also, the Bureau of Prisons has taken steps to ensure that its institutions forward accurate, timely information on offenders to halfway houses. (GGD-80-25, February 15, 1980)

Improvements Made in Quality of Services to Federal Prisoners Released Through Halfway Houses

The quality of services provided to Federal prisoners released through halfway houses has been improved by a complete renovation of the Bureau of Prisons' contracting procedures. In our report entitled "Community-Based Correctional Programs Can Do More To Help Offenders," we pointed out that the Bureau failed to provide halfway house contractors with adequate statements of work which specified the services to be provided to offenders. We also pointed out that the Bureau had not adequately monitored contractor performance. As a result, halfway houses did not regularly address offenders' needs, develop individualized program plans, or assess offenders' progress in programs.

In commenting on our report, the Bureau of Prisons concurred with our findings and recommendations. The Bureau developed a new statement of work which details exactly what is required of contractors in all program and operation areas. Also, the Bureau took steps to strengthen the monitoring of contractor performance. Community Program Officers are expected to monitor contract facilities at least twice a year and a comprehensive monitoring instrument based on the statement of work was developed for their use. These actions should improve the quality of services provided to Federal prisoners released through halfway houses. (GGD-80-25, February 15, 1980)

Action Taken by the Postal Service To Gain Control Over Fuel

GAO issued a report to the Congress on

the need for tighter controls over fuel purchased by the Postal Service. The report contained many recommendations to the Postmaster General because of weaknesses GAO found in the Service's controls over (1) handling of bulk fuel receipts and disbursements, (2) purchases of fuel from commercial service stations, and (3) the use of fuel by Service employees.

In a letter to the Director, Office of Management and Budget, dated August 27, 1980, the Postmaster General outlined the actions taken as a result of GAO's report. They include

- issuance of new forms and new procedures for recording the purchase and receipt of vehicle fuel and motor oil,
- resolution of problems the Service was having with its Vehicle Management Accounting System, and
- the use of recording speedometers on vehicles to obtain better information on vehicle use and fuel consumption.

These positive actions taken by the Postal Service as a result of GAO's report should greatly reduce the Service's susceptibility to fraud, abuse, and waste in the procurement and use of fuel. (GGD-80-25, July 31, 1980)

Improved Approach to Public Debt Legislation

The Congress has attempted to control the size of the public debt over the last several years by enacting temporary debt ceilings which expired in a year or less. Although that approach gave the Congress flexibility in changing the ceiling, it also resulted in additional costs and other undesirable conditions when the legislation to enact new ceilings after the temporary ceiling expired was delayed. In each case, new legislation was needed to allow Government operations to continue, and to finance deficit budgets which had already been approved.

Responding to a request from the House Ways and Means Committee, we reported on the added costs and other problems caused by the delays, such as the disruption of the Government's financing operations and as much as \$15 million in unnecessary interest costs during 1978 and

1979. We also noted that the periodic consideration of temporary debt ceiling legislation duplicated efforts made in developing debt levels for the annual congressional budget resolutions. To take full advantage of that process, we recommended that the Congress implement an approach to set the debt ceiling at the level established in the budget resolution. Public Law 96-78 adopted the recommendation effective with fiscal year 1981. (FGMSD-79-33, September 7, 1979)

Savings in Purchasing Foreign Currencies for NATO Contributions

In recent years, U.S. contributions to North Atlantic Treaty Organization (NATO) construction and operating programs have been about \$175 million a year. GAO noted a lack of consistency among NATO members in the timing of their contributions to NATO programs. To reduce interest costs, we recommended that Treasury review payment requirements with the U.S. Army Support Group to NATO and arrange for U.S. payments and related currency purchases to be made at the latest acceptable date.

In buying foreign currencies, the U.S. NATO Support Group used one employee to obtain quotes by telephone from several banks, but the quotes were not obtained at the same time. In a fluctuating foreign exchange market, one bank may not hold its quote while other banks are canvassed, and the most favorable rate may not be obtained. GAO recommended that Treasury review with the Support Group procedures for acquiring foreign currencies at competitive rates.

In responding to our recommendations, Treasury said that the U.S. NATO Support Group had agreed to buy foreign currency as near to the due date as possible; if no due date was specified, payment would be made 30 days from the billing date in accordance with Treasury regulations. Treasury also said that the Support Group upgraded its canvassing capabilities and can now solicit bids from three banks simultaneously.

Treasury advised that this action taken

to satisfy GAO's recommendations will result in interest and budgetary savings. (ID-79-51, September 26, 1979)

Other Benefits

Some actions taken in response to our recommendations result in benefits other than financial savings. If the Congress enacts recommended legislation or if new agency regulations or procedures are adopted, day-to-day operations at Federal, State, and local levels may improve. Sometimes the actions directly enhance the well-being of individual citizens.

Actions Taken To More Closely Integrate NATO's Military Command Structure

In August 1977, we issued a report which discussed U.S. participation in two command structures in Europe. The basic issue raised in this report is that closer integration is needed between the U.S. and North Atlantic Treaty Organization (NATO) Military Command Structures. The Department of Defense, in general, agreed to the issues we raised. After this report was issued, actions were initiated by the U.S. and NATO which ultimately should lead to closer integration of the command structures.

For example, in May 1978, agreement was reached to undertake a NATO Long-Term Defense Program of more than 120 individual defense improvements measures. These call for cooperative NATO programs in 10 vital functional areas. In early 1978, the Army formulated a concept for a coordinated NATO line of communication. This was the result of the Army's Deputy Chief of Staff tasking Logistics to look at those logistics functions which could be brought together under a NATO umbrella. The first function studied was the Petroleum, Oil, and Lubricant pipeline, and since July 1979, the total pipeline has been under NATO control.

While GAO cannot take credit for the above actions and those like them, we believe that our report has helped influence the actions now being taken toward a more

closely integrated NATO command structure. (LCD-77-419, August 26, 1977)

Improved Reliability of Tactical Air Command's Readiness Indicators

The Air Force's Tactical Air Command reports combat readiness of its units using standard readiness indicators (C-ratings). In our report, "The U.S. Air Force Tactical Air Command—Is It Ready—Can It Fulfill U.S. Commitments to Rapidly Increase Its Forces in Europe?", we discussed deficiencies in the Tactical Air Command's readiness reporting which raised serious doubts as to the reliability and usefulness of the readiness indicators reported to the National Command Authorities. We recommended improvement actions for readiness reporting and unit tasking.

In Air Force implementing regulations, AFR 55-15, for the Unit Status and Identity Report which replaced the previous Force Status readiness reporting system, procedural changes were made to address many of the readiness concerns and incorporate many of the recommendations discussed in our report. The Tactical Air Command revised its implementing regulations, TACR 55-29, and on May 1, 1980, began reporting its readiness to National Command Authorities using the revised procedures. (LCD-79-406, April 23, 1979)

Enhanced Nuclear Emergency Preparedness

The Federal Emergency Management Agency is the Federal focal point for emergency preparedness and response activities. However, the Nuclear Regulatory Commission has been the Federal policymaker and coordinator for nuclear-related emergency preparedness planning.

In a report to the Congress, we recommended that the Federal Emergency Management Agency assume the responsibility for setting policy and coordinating radiological emergency response planning around nuclear facilities. On December 7, 1979, the President transferred to the Federal Emergency Management Agency the

lead responsibility for offsite emergency preparedness around nuclear powerplants. (EMD-78-110, March 30, 1979)

Reassessment of State Compliance Under the State Energy Conservation Program

In our report "Uncertainties About the Effectiveness of Federal Programs to Make New Buildings More Energy Efficient," we concluded that the Department of Energy (DOE) had not consistently applied criteria to determine State compliance with the State Energy Conservation Program requirement to implement mandatory thermal efficiency standards for new buildings. Furthermore, we pointed out that if States did not know whether local jurisdictions were enforcing thermal efficiency standards, serious problems could surface which would hinder the effective implementation of building energy performance standards soon to be established by DOE.

In April 1980, DOE reported to the House Committee on Governmental Operations and the Senate Committee on Governmental Affairs that, while DOE had assessed the extent of State compliance with mandatory program measures on a state-by-state basis, the assessment did not consistently address concerns voiced in our report. Therefore, DOE stated it would undertake a reassessment to address specifically those points. DOE stated it would use the information to (1) help make an accurate assessment of the thermal efficiency code compliance status of States and local governments, (2) encourage more States to implement thermal standards, and (3) serve as a basis for States' implementation of energy performance standards. (EMD-80-32, January 28, 1980)

Action Taken To Improve the Residential Solar Heating and Cooling Demonstration Program

In our report to the Congress, which discussed the Department of Housing and Urban Development's (HUD's) residential solar demonstration program, we noted that the program had not been very suc-

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cessful in demonstrating the practical use of solar heating and cooling technology. We pointed out that many of the program's solar energy systems experienced operational problems which prevented the systems from demonstrating reliability and economic viability and that the program might have an adverse impact on the public acceptance of solar technology. We also pointed out that although HUD had a large contingency fund to be used to repair the demonstrated solar systems, it had made very limited use of this fund.

In our report, we recommended that HUD evaluate the technical and economic adequacy of all solar demonstration projects funded, identify problems, and take appropriate actions to correct the problems, including making expenditures from the contingency fund if necessary. In response to this recommendation, HUD initiated efforts to review the operation of all its solar demonstration projects and correct the operational problems, thereby better assuring the achievement of the authorizing legislation's objectives. (EMD-79-35, October 9, 1979)

Improved Involvement of Users in the Department of Energy's MHD Program

In our report on the Department of Energy's (DOE's) \$70-million-per-year program to develop magnetohydrodynamic (MHD) electric generating systems, we recommended that the Secretary of Energy establish a mechanism to actively involve potential users in the program. MHD is a first-of-its-kind technology for efficiently generating electricity from coal with less environmental emissions than conventional powerplants. DOE is now starting tests of the technology at larger-than-laboratory facilities and is making preliminary designs for a pilot plant. User involvement can focus the program on activities which answer users' needs and help reduce the uncertainties associated with technology development and commercialization.

In letters to the House Committee on Government Operations and the Senate Committee on Governmental Affairs, DOE stated that it has assigned a high priority

to increasing user involvement in the program and is actively investigating alternative liaison mechanisms. DOE has initiated meetings with the Electric Power Research Institute, the Tennessee Valley Authority, and other utilities to discuss technology development activities and ways to better involve potential users in the program. DOE's Acting Director, Office of Coal-Fired MHD Systems, Office of the Assistant Secretary for Fossil Energy, said that our report contributed to DOE's increased efforts to involve utilities. (EMD-80-14, February 11, 1980)

Improved Safety for Storing and Transporting Hazardous Liquefied Energy Gases

In the late 1960's, several major projects were initiated to import large quantities of liquefied natural gas (LNG) through terminals near major East and West Coast cities. Federal agencies were slow to respond to public concern about the safety of these projects. No uniform standards were adopted for LNG storage facility siting, and for 8 years, the Department of Transportation (DOT) used interim standards for the design and operation of LNG storage facilities. Only minimal consideration was given to truck movements of LNG.

In our report, we made numerous recommendations to improve the safety of storing and transporting LNG. We also recommended that liquefied petroleum gases (LPG) be similarly regulated. On November 30, 1979, Public Law 96-129 was enacted to improve the safety of LNG and other hazardous materials storage facilities. Several provisions reflected additions and changes to bills that we had recommended in our report, in testimony, and in comments on bills. For instance, the act covers LPG storage facilities. It addresses our recommendations to site new facilities only in remote areas, to require better off-site liability coverage in the event of an accident, and to provide the Secretary of Transportation with the power to suspend operation of any facility considered to be hazardous.

DOT has issued final regulations for siting, design, and construction (and proposed regulations for operations and maintenance) that cover almost all LNG storage facilities. Many of our more technical recommendations were adopted.

In addition, the City of Boston has passed an ordinance that adopts the thrust of our recommendations on truck movements of LNG through urban areas. (EMD-78-28, July 31, 1978)

Actions Taken by the Commodity Futures Trading Commission To Protect the Trading Public from Abusive Commodity Trading Practices

Assuring that the trading public is protected from abusive trading practices on the floor of exchanges is one of the primary reasons for Federal regulation of the commodity futures industry. We reported that the Commodity Futures Trading Commission's efforts had been inadequate on many important regulatory issues related to curbing such abuses. In response to our recommendations designed to curb trading abuses and enhance customer protection, the Commission has taken the following actions:

- It established trading standards for floor brokers under which exchanges are required to submit to the Commission for its approval rules to regulate the practice of dual trading (i.e., trading for one's own and for a customer's account) by floor brokers. To date, four exchanges have rules which have been approved by the Commission under this provision.
- It increased the agency's capability to perform observations of floor trading at exchanges by providing appropriate training to its regional office surveillance personnel. (CED-78-110, May 17, 1978)

Legislation Enacted To Specify the Level of and Priorities for Improvements Under the Northeast Corridor Improvement Project

The Railroad Revitalization and Regulatory Reform Act of 1976 authorized the 5-

year, \$1.75-billion Northeast Corridor Improvement Project to improve rail passenger service and travel times between Boston, New York, and Washington. We concluded that the project would not be completed within the timeframe and cost authorization specified by the act and that the project's work scope had been reduced, which would lead to increased future maintenance costs, less passenger comfort, less on-time reliability, and reduced safety. We pointed out that estimated costs for the project could exceed \$5 billion, depending on what improvements were to be included in the project. We recommended that the Congress decide what improvements were desirable and what additional funding, if any, should be provided.

On May 30, 1980, the Passenger Railroad Rebuilding Act of 1980 (Public Law 96-254) was approved authorizing an additional \$750 million for the project. The act specifies that the goals of the project are to be achieved to the extent compatible with the revised authorization level and establishes priorities among the project's goals to serve as a basis for selecting and scheduling the specific improvements. (CED-79-38, March 29, 1979)

The Department of Defense Adopted Changes in Management Policy and Procedures for Major Weapon System Programs

In our report to the Congress, we recommended a number of procedural changes in the way major weapon system acquisition programs are managed by the Department of Defense (DOD). We recommended that (1) DOD should be more aggressive in defining DOD missions and clearly delineating the roles of DOD components; (2) DOD should identify amounts of funding needed to finance exploration of competitive designs; and (3) DOD should provide additional guidance to its components on acquisition strategy applicable to major systems.

DOD subsequently revised its basic policy and procedures directives on major weapon system acquisition management

on March 19, 1980. A DOD representative publicly attributed the reasons for the revisions to (1) recommendations in GAO report PSAD-79-9, (2) a Defense Science Board Study, and (3) internal perception of management problems. Further, DOD perceives significant management improvements from these changes. The revisions are expected to increase management visibility of ongoing programs and provide program managers with more authority to meet assigned program objectives. (PSAD-79-9, February 20, 1979)

GSA's Personal Property Repair and Rehabilitation Program: A Potential for Fraud?

In November 1979, we reported that the General Services Administration (GSA) improve the management of the personal property repair and rehabilitation program or reduce it to a more manageable size. We also concluded that GSA should be more responsible for administering the program and assisting customer agencies.

We recommended that the Administrator of General Services

- accept responsibility for repair contract administration as required by the Federal Property Management Regulations,
- increase internal audit coverage of repair contractors and require that contractor accounting systems be reviewed during preaward audits, and
- increase GSA's reviews of contractor billings to customer agencies.

The February 1980 response to our report said that the Administrator had initiated corrective actions. The response further advises that

- GSA is taking a series of actions to reduce the program's size.
 - GSA is developing new instructions that will describe more fully the respective contract administration responsibilities of GSA and using agencies.
 - GSA is revising the program handbook (estimated to be completed in September 1980) to require regional offices to conduct annual reviews of contractor billings.
- Implementation of these changes should strengthen and improve the management of the personal property repair and rehabilitation program. (PSAD-80-5, November 14, 1979)

Government Agencies Need Effective Planning to Curb Unnecessary Year-End Spending

During a review of year-end spending at many civilian Government agencies, we found that the Bureau of Mines was routinely recording commitments as obligations and reporting them to the Treasury Department as valid obligations on their monthly Report of Obligations (SF-225), and to OMB through the monthly Report of Budget Execution (SF-133). A commitment is merely a decision to procure something which may or may not be carried out.

By reporting commitments in this way, the Bureau was misrepresenting its financial status to the Treasury Department, OMB, and the Congress.

According to 31 U.S.C. 200(a), no amount can be recorded as an obligation of the Government unless it is supported by a written binding agreement between the contractor and the Government. No such agreement existed to support these commitments.

As a result of our report, the Bureau agreed to change its policy and record only valid obligations that meet the requirements of 31 U.S.C. 200(a), and thus more accurately presents its financial position. (PSAD-80-57, July 28, 1980)

Financial Savings and Other Benefits

The Center for Disease Control Begins Using More Effective Program Evaluation Methods

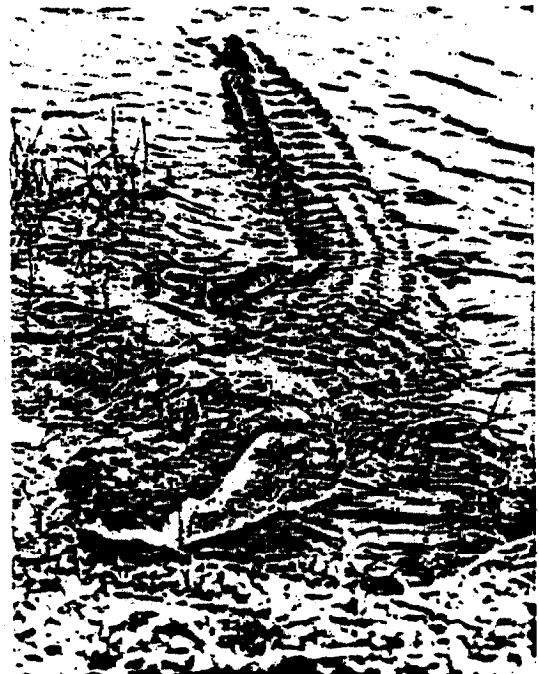
On several occasions we have reported that the Center for Disease Control (CDC) needs to improve its program evaluation system to better manage its programs. Without clear, acceptable objectives and performance measures, program managers' abilities to administer programs ef-

fectively and efficiently and evaluators' abilities to produce useful information for improving programs are limited. For example, in a recent review we found that CDC's measures of success for its childhood immunization grant programs were inconclusive because the measures were based on data of unknown accuracy and did not distinguish between Federal and non-Federal program effect. We recommended that reliable performance meas-

ures could help CDC better determine the need for Federal assistance.

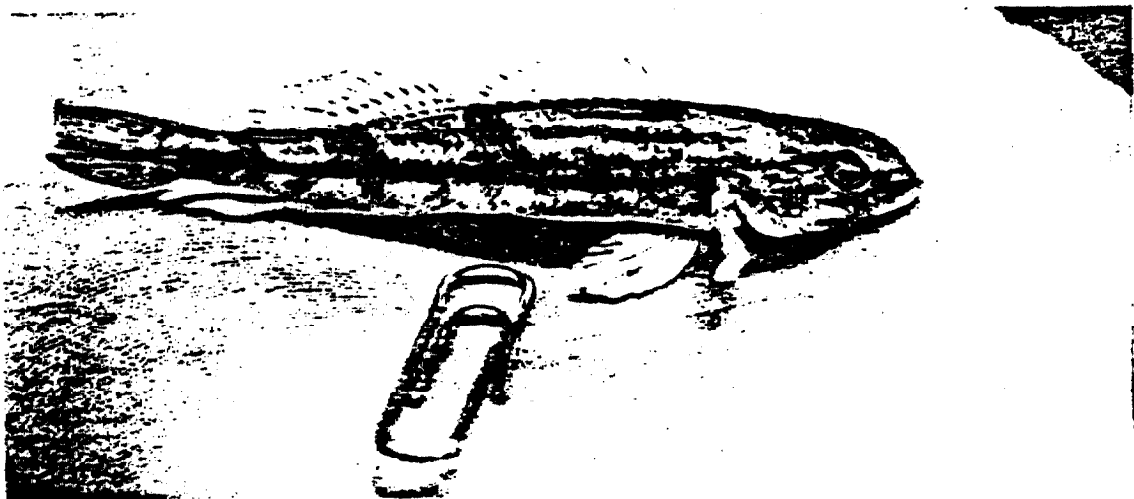
We have worked with CDC's Director and others to improve the agency's evaluation strategy. After a preliminary analysis of CDC's diabetes control program showed diabetes problems and possible solutions were misunderstood and that expectations of CDC's diabetes program differed among Federal policymakers and program managers, CDC contracted for an evaluation

American alligator



The Department of the Interior's actions taken on numerous GAO recommendations resulted in improvements designed to provide greater protection to endangered and threatened species while minimizing their effect on Federal, State, and private projects and programs.

(Photos courtesy of Fish and Wildlife Service)



Snail darter

(Courtesy of Tennessee Valley Authority)

of the program using a methodology similar to ours. In June 1980, the Director told us he intended to make such evaluations an integral part of CDC's program management. (HRD-79-54, March 13, 1979; HRD-80-52, June 6, 1980)

Protection to Endangered and Threatened Species Increased

We made 17 management improve-

ment recommendations to the Secretary of the Interior to provide greater protection to endangered and threatened species while minimizing their effect on Federal, State, and private projects and programs. During July 20, 1979 testimony before the Subcommittee on Fisheries, Wildlife Conservation and the Environment, House Committee on Merchant Marine and Fisheries, the Director of Interior's U.S. Fish and Wildlife Service stated that the report

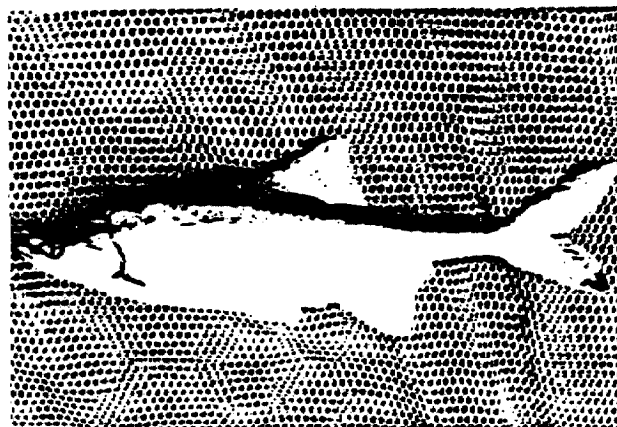
had come at an appropriate time in the development of the endangered species program and had provided the Service with a beneficial critique of progress.

By October 1979, Interior had implemented or taken positive steps to implement 14 of the 17 recommendations. Improvements were made to provide greater protection to endangered and threatened species while minimizing their effect on Federal, State, and private projects and programs. The Service

Bald eagle



Columbian white-tailed deer



Grizzly bear

Humpback chub

- published final or proposed regulations on (1) the information to be included in petitions to list, delist, or reclassify species, (2) the information to be included in biological assessments to identify listed or proposed species which are likely to be affected by Federal agencies' projects and programs, and (3) the procedures the Service will follow when reviewing listed species to determine if their statuses have changed.
- implemented procedures or guidelines to (1) assure the prompt and responsive handling of incoming petitions, (2) record and monitor consultations with other Federal agencies to avoid errors in assessing resource needs, and (3) improve recovery planning aimed at returning listed species to a point where they are no longer endangered or threatened.
- established two systems to provide information on listed, proposed, and candidate species to Federal agencies and the States.
- developed "strike forces" with the Department of Justice in response to illegal taking of waterfowl, commercial sale of migratory birds illegally taken, and eagle killing. (CED-79-65, July 2, 1979)
- The Occupational Health and Safety headquarters staff funding increased from \$304,000 in fiscal year 1978 to \$472,000 in fiscal year 1980. The staff's support fund, which is used to fund outside contracts including medical monitoring services, increased from \$162,000 in fiscal year 1978 to \$408,000 in fiscal year 1980.
- The number of Occupational Health and Safety staff members involved in the health function has increased from one in 1976 to three full-time and two part-time in 1980.
- A survey of all laboratory sites has been completed and plans for annual inspections have been established.
- The percentage of employees potentially at risk has decreased from 37 percent (3,500 of 9,500) in 1976 to approximately 22 percent (3,000 of 14,000) in 1980 due to improved working conditions.
- Occupational Health Officers have been appointed in every region.
- A health monitoring program providing at least the basic services is in existence in all regions.

The program has been well received by the employees involved and has a voluntary participation rate of 95 percent of the eligible employees. (CED-76-160, October 8, 1976)

Agencywide Health Monitoring Program Developed by the Environmental Protection Agency for Employees Potentially Exposed to Hazardous and Toxic Substances

We recommended to the Environmental Protection Agency (EPA) that

- the safety and health activity be organizationally realigned,
- a health monitoring program be implemented agencywide,
- a survey of laboratory conditions be made on a priority basis, and
- additional health staffing be provided.

In response to our recommendations, EPA took the following actions:

- The Occupational Health and Safety staff now reports directly to the Assistant Administrator for Planning and Management, who is the designated Safety and Health Officer.

Better Use of Federal Funds in Meeting Agriculture Conservation Program Objectives

The Department of Agriculture's major soil conservation programs have not been as effective as they could have been in establishing enduring conservation practices and reducing erosion to tolerable levels. We recommended that the Conservation Service realign its priorities and seek out and offer assistance to farmers who have critical erosion problems. We also recommended that the Agricultural Stabilization and Conservation Service give funding emphasis and priority to critically needed conservation practices which farmers ordinarily would not undertake with Federal cost-sharing assistance. In

addition, we recommended that the Congress clarify the Agricultural Conservation Program's legislation concerning the types of conservation practices that should be funded.

In May 1978, we testified on this and other Agriculture programs before the Subcommittee on Agriculture, Rural Development, and related agencies of the Senate Committee on Appropriations. At the initiative of this subcommittee, and based on language we provided concerning the types of conservation practices that should be funded, appropriations legislation for the 1979 and 1980 programs reflected our recommendation to emphasize the funding of critically needed conservation practices and to limit spending on production-oriented practices that have little or no conservation or pollution abatement benefits.

As a result, the Department redirected its 1979 program to eliminate production-oriented practices. For the 1980 program, the Department had developed a national program consisting of those practices which meet congressional and executive directives. This program provides for enduring practices such as permanent vegetative cover, terraces, and sod waterways, and specifically excludes practices that are primarily production-oriented, such as weed control and drainage. (CED-77-30, February 14, 1977)

Action Taken To Ensure an Expedient Timetable for Issuing Minimum Guidelines and Requirements for Accessibility Standards

In our letter report of October 1, 1979, and again in our June 6, 1980, report to the Congress, we recommended that the Architectural and Transportation Barriers Compliance Board take action to promptly issue minimum guidelines and requirements for accessibility standards to public buildings by handicapped persons. The Compliance Board responded that final guidelines will be issued in December 1980, which is more than 1 year earlier than scheduled.

We further recommended that OMB recognize the Compliance Board as an independent agency with a separate budget presentation similar to other independent Federal agencies. In response to that recommendation, on August 8, 1980, OMB informed the Chairman, Senate Committee on Government Operations that the 1982 Budget Appendix will provide a separate budget presentation for the Compliance Board under the section devoted to other agencies. (FPCD-80-51, June 6, 1980)

Contracting Out Base Operating Support Functions at the Navy's Pacific Missile Test Center, Point Mugu, California

The Pacific Missile Test Center was in the process of contracting out base operating support functions of (1) data coordination and computer peripheral equipment services and (2) mess attendant services on San Nicolas Island. These functions are currently being performed by permanent civil service employees. The contracting-out decisions were to be made without cost comparisons prescribed in the firm bid/offers procedure for study of possible conversion of Government commercial and industrial activities to contract. In addition, the functions were not on the approved list of activities to be studied for conversion and were not approved by the Chief of Naval Operations.

This matter was brought to the attention of Navy officials in November 1979, as part of a discussion of several contracting-out issues identified during the review. The Naval Air Systems Command directed the Pacific Missile Test Center to defer contracting out the functions until (1) they are placed on the study list, (2) fact sheets are submitted and approved by the Chief of Naval Operations, and (3) the required cost comparisons are prepared. (PSAD-80-19, December 11, 1979)

GSA's Personal Property Repair and Rehabilitation Program: A Potential for Fraud?

While performing this review, we issued

a Notice of Exception (NOE) to a GSA Certifying Officer for failure to have adequate evidence before paying a contractor for work allegedly done at the State Department. In our supporting documentation for the NOE, we named the GSA official who certified that he had inspected and accepted the alleged work done by the contractor. Our examination of the contractor's files disclosed no evidence that the work had been performed.

In January 1980, the GSA official was charged by the U.S. attorney's office in Washington with receiving more than \$75,000 in kickbacks from building contractors in return for awarding them contracts to do phantom work. We believe that our work contributed to the corrective action taken. (PSAD-80-5, November 14, 1979)

The Veterans Administration Is Now Conducting an Epidemiological Study of the Long-Term Health Effects on Veterans Exposed to Herbicide Orange in Vietnam

Between 1966 and 1969, a large number of U.S. ground troops in Vietnam were in areas sprayed with herbicide orange both during and shortly after spraying. The Department of Defense took few precautions to prevent exposure because at that time it did not consider the herbicide to be toxic or dangerous to humans. Since 1977, many Vietnam veterans have been concerned about health problems which they attribute to herbicide orange exposure in Vietnam. As a result of an earlier GAO report and congressional pressure, the Air Force initiated a health effects study of personnel handling and spraying herbicide orange in Vietnam under operation "Ranch Hand."

Senator Charles Percy was concerned, however, that many servicemen who were not herbicide handlers could have been exposed to herbicide orange in Vietnam. He asked us to determine (1) when and what military units were in or near areas sprayed with herbicide orange and (2) what precautions were taken to prevent ground troops and others from exposure.

We recommended that the Congress direct the Department of Defense, the Veterans Administration, the Department of Health, Education, and Welfare, or the Environmental Protection Agency to determine whether a study is needed on the health effects of herbicide orange on ground troops identified in our analysis.

In December 1979, the Congress passed an amendment to the Veterans' Health Programs Extension and Improvement Act of 1979, requiring the Veterans Administration to conduct an epidemiological study of the long-term health effects on veterans exposed to herbicide orange in Vietnam. (CED-79-22, April 6, 1979; FPCD-80-23, November 16, 1979)

Improved Administration of the Summer Youth Employment Program

In our report to the Chairman and Ranking Minority Member, Senate Committee on the Budget, we acknowledged that the Department of Labor's (DOL's) 1978 Summer Youth Employment Program has an admirable objective to provide youths with meaningful work tasks and training to develop their skills and enhance their future employability.

However, DOL's efforts to assure that State and local governments were operating quality programs were not very successful at the sites we visited. As a result, the future employability of many of the most needy youths was not improved. Poor administration by DOL and by local program operators prevented many youths, mostly at urban locations, from being exposed to the real world of work.

As a result of our criticism, recommendations for improvement, and a report by the Senate Appropriations Subcommittee on the Departments of Labor, and Health, Education, and Welfare, and related agencies, DOL improved the operation of the 1979 program, particularly strengthened supervision and monitoring efforts, and eliminated inadequate worksites.

The following highlights some specific changes and improvements:

- DOL established a Special Monitoring

Financial Savings and Other Benefits

Group dedicated to the summer program; the Office of Inspector General increased monitoring; and the Employment and Training Administration intensified regional office monitoring. DOL noted that the number of worksites with adequate activity increased from GAO's finding of 40 percent in 1978 to 79 percent meaningful worksites in 1979.

- The Administrator, Office of Youth Programs, stated that in the 1979 program, there were about 10,000 Federal monitoring visits at worksites in addition to 330,000 prime sponsor site visits. Before 1979, the program had been considered an income transfer program and little effort was spent on monitoring and administration; however, increased monitoring was planned for 1980, funding was being provided earlier, and planning was being done on a year-round basis.
- The Assistant Secretary for Employment and Training stated that review of the 1979 program showed "productive well-supervised work experience" and demonstrated a "tremendous turnaround in the summer youth program." (HRD-79-45, February 20, 1979)

Improved Project Management for the Administrative Conference of the United States

In a report entitled "Administrative Conference of the United States Needs Better Project Management," we criticized certain aspects of the Administrative Conference's project management and made recommendations for improvement.

On April 3, 1980, we received a response in which, although disagreeing with some of our conclusions, the Conference agreed to implement each of our recommendations. Together, these recommendations were intended to improve the planning, control, and evaluation of Conference projects. Specifically, we recommended that the Conference

- conduct long-range planning of future projects which would include (1) establishing a Council or committee review and (2) considering cosponsorship with other agencies;

- improve documentation to better account for project costs and schedules;
- request the Director, OMB, to serve as a focal point for determining executive department implementation of Conference recommendations; and
- include project evaluations in planning for future projects. (GGD-80-13, February 4, 1980)

Improvements Made in the Operation of the Capitol Page School

In a report requested by the Chairmen of the Subcommittees on Legislative, House, and Senate Appropriations Committees, we recommended the need for improvements in the oversight of the Capitol Page School. We identified a need for (1) a formal arrangement between the District of Columbia Board of Education, the Secretary of the Senate, and Clerk of the House of Representatives for the education of pages, (2) complete and accurate accounting data on Capitol Page School transactions, and (3) requirements for reporting periodically and annually on School operations and page performance.

On January 22, 1980, an agreement between the Board of Education, the Clerk of the House, and Secretary of the Senate was entered into for the operation of the Capitol Page School. The agreement provides that the Board will maintain accurate accounting records for the School. A semi-annual progress report summarizing academic achievements at the School or problems the Board of Education may encounter with the program is to be prepared and submitted to the Clerk of the House and Secretary of the Senate.

This agreement should improve operation of the Capitol Page School and enhance congressional oversight capability. (GGD-79-56, April 26, 1979)

Customs Services Reclassifies Certain Imported Trucks into Higher Duty Category

For many years, the Customs Service has classified trucks imported without

cargo beds as "chassis" instead of "trucks." Importers pay a 4-percent duty on chassis and a 25-percent duty on trucks. In a report requested by Chairman, House Ways and Means Committee, we concluded there was substantial merit to the technical arguments for classifying the vehicles as trucks. It was difficult to conclude that as a matter of law the chassis classification was clearly wrong. However, from a practical viewpoint, we noted Customs' ruling permitted importers to avoid a 25-percent duty by importing the cargo box separately.

The International Trade Commission (ITC), commenting on our report in May 1979, concluded that we had amassed a wealth of data and our conclusions did not lack merit. Nevertheless, ITC said that its interpretation of the data indicated that the imports were trucks and dutiable at the 25-percent rate. Subsequently, Customs reconsidered its position and on August 21, 1980, began to classify as trucks those imported lightweight trucks without cargo beds.

The recent Customs decision should have two immediate results. To the extent imports continue, Customs will collect additional revenue through the higher duty rate; to the extent sales decline, the U.S. balance of payment should improve. For example, had the higher duty applied to trucks imported from 1972 through 1977, an additional \$600 million in duty would have been collected. On the other hand, Ford and General Motors will start production of lightweight trucks for their 1981 model year, which may reduce imports and keep truck dollars in the United States. (GGD-79-19, December 13, 1978)

Slow Productivity Growth in the U.S. Footwear Industry—Can the Federal Government Help?

U.S. shoe manufacturers have experienced a steady economic decline since the late 1960's. The industry's productivity has been among the lowest of our Nation, primarily reflecting insufficient capital and technology and underskilled workers. Imports largely from countries with low labor rates or with highly skilled workers have

captured about 50 percent of the domestic market. From 1967 to 1977, the number of U.S. shoe manufacturing firms decreased by almost half and nearly 76,000 people lost their jobs.

Shoe manufacturing is very labor intensive; consequently, manufacturers having the lowest labor and material costs and producing high-quality stylish shoes have a competitive advantage. To compete and prevent further deterioration of their market, U.S. manufacturers must raise their productivity and acquire a better understanding of domestic and international markets. This is particularly important for small- and medium-sized firms. In the long run, automation may offer an opportunity for domestic manufacturers to increase their productivity and gain a competitive advantage over foreign producers.

We concluded that solutions to the shoe industry's problems were, for the most part, beyond any single company's capability. We also concluded that the Government could help address problems of the industry as a whole. Consequently, we recommended that the Department of Commerce strengthen its Footwear Industry Revitalization Program by directing initiatives to foster joint efforts by industry, the Government, universities, and labor to improve productivity and enhance the long-term viability of the industry.

Commerce has taken action to strengthen its revitalization program. It has established a permanent footwear center and initiated joint efforts between industry and Government to identify and evaluate technological developments that will provide competitive advantages. (FGMSD-80-3, February 25, 1980)

Development of a National Productivity Clearinghouse

In our report we recommended that a national productivity clearinghouse be established in the Department of Commerce. We stated that, to be effective, the clearinghouse must go beyond simply maintaining and distributing information. It must provide specific information private companies can use to improve their productivity in deliv-

ering their products and services, and thus become more competitive.

OMB responded to our recommendations by informing the Congress on February 22, 1979, that the President had assigned leadership responsibility for the collection and dissemination of information on productivity improvement to the Department of Commerce. Commerce established a productivity clearinghouse within the National Technical Information Service, and on September 4, 1980, announced the establishment of a Productivity Reference Service. It will make productivity improvement and related data available to the private sector in a relevant and up-to-date form. Commerce's action is directly in line with the recommendations of our report. (FGMSD-79-4, December 12, 1978)

Better Day Care Services Can Be Provided to a Substantially Larger Number of Children With Current Dollars

In our report we recommended that the Department of Health, Education, and Welfare make certain revisions to the Federal Interagency Day Care Requirements to improve the quality and reduce the cost of federally funded day care services. An \$8 million National Day Care Study funded by the Department of Health, Education, and Welfare (now Department of Health and Human Services) concluded that the Government could buy better day care for preschool children at lower cost by revising the Federal day care standards to (a) increase the child-to-staff ratio allowing more children per staff and (b) require staff to have training in the care of preschool children. GAO reached the same conclusion in its analysis of the study and in independent field work. GAO confirmed that the low child-to-staff ratio required by the Federal standards did not assure good care. Non-federally funded day care centers not only had more children per staff but generally provided superior care.

The Department of Health, Education, and Welfare issued new Federal Interagency Day Care Requirements in March

1980 based on the recommendations of the National Day Care Study and our report. These requirements should provide, with current dollars, better day care services to a substantially larger number of children. The HEW Department Project Manager stated in a memorandum to GAO that if GAO's recommendations were implemented, potentially 30 percent more children, or approximately 300,000, could be served within current budgets. Payment for this care would require an additional \$300 million.

The Council on Wage and Price Stability also reviewed the National Day Care Study and complimented the Department on its conduct in a Council document in September 1979. (FGMSD-79-48, September 25, 1979)

Quality Level Legal Services for the Poor and Near Poor Through Improved Productivity

In our report we recommended that the Legal Services Corporation (LSC), the major source of federally funded legal aid, systemize and automate its operations and that of its grantees. Through automation, routine legal services such as uncontested divorces, wills, and house closings can be provided at a 50- to 75-percent reduction in cost. Legal documents are prepared by a computer with customer input and guidance from paralegal aides instead of an attorney.

Based on experience of legal firms providing automated legal services, automation not only reduces costs, but reduces human errors. Thus, by developing automated legal services systems with the legal profession, the LSC would be making reasonably priced high-quality legal services accessible to many U.S. citizens who could not otherwise afford them. The American Bar Association estimates that there are 140 million people at the middle-income level who cannot afford legal services at regular prices.

In response to our recommendations, LSC requested \$2.65 million in their fiscal year 1981 budget to develop, acquire, and install automated legal systems in about 100 grantee offices. LSC will provide as-

assistance to grantees on a cost-sharing basis to adopt these automated legal systems. (FGMSD-76-46, October 19, 1979)

U.S. Must Spend More To Maintain Lead in Space Technology

Space manufacturing offers the possibility of exploiting the unique environment of space to produce materials superior to those produced on earth, or believed impossible to produce on earth. Whether space manufacturing becomes a reality depends on the results of future materials research and the propensity of government and industry, both here and abroad, to invest.

We concluded in our report that despite high expectations among U.S. scientists, only limited success can be expected in the next 20 years due to low funding and limited backing by the Administration and the Congress. This could let foreign competitors rapidly overcome any technological lead in materials science in space now enjoyed by the United States.

The Appropriations Committee, as a result of our report, reinstated funds previously deleted by OMB to perform two experiments in fluid dynamics which are critical to advanced materials research.

Our report also discussed the problems faced by NASA in transferring its technology to private enterprise for commercialization. On the one hand, NASA needs the support and participation of private enterprise in planning the research and using the resulting technology. But NASA is not organized to effectively gain the support and participation needed. On the other hand, private enterprise unquestionably could use much NASA-developed technology, but is generally unwilling to get involved due to deep-seated fears of Government regulations and restrictions, such as on patents, exclusive rights, proprietary rights, conflict of interest, antitrust, liability, and others. Some of these fears are real and some are only perceived as problems by private enterprise.

To address this issue of technology transfer, we introduced an approach in which the American Institute of Aeronautics and Astronautics (AIAA), an aerospace association with over 30,000 members, functions as a third-party agent between private industry and NASA. AIAA's first step was to begin an awareness campaign entitled, "Tracking the Space Revolution." With NASA's full cooperation, AIAA is conducting a series of seminars at NASA's research laboratories, at which Fortune 500 corporate executives are shown NASA-developed technology that could have direct application to their respective commercial operations. Response by these nonaerospace firms has been extremely positive. The second step, which is now in a test stage, involves AIAA as the agent to unite technologists from industry and NASA in attempts to ferret out commercial applications and to complete the technology transfer process. (FGMSD-80-32, January 31, 1980)

National Archives and Records Service Attempts To Help Agencies Better Manage Their Word Processing Systems

In our report to the Congress on word processing in the Federal Government, we recommended that the Administrator of General Services upgrade and accelerate efforts to assist and monitor agencies' efforts to manage word processing equipment by (1) making available to agencies standards, guidelines, and criteria necessary to develop, operate, and evaluate word processing systems; (2) analyzing agencies' practices to determine where more productive operations would result from word processing systems; (3) making periodic reviews of agencies' management of word processing systems; (4) acting as a clearinghouse for agencies developing and reviewing their word processing activities; and (5) expediting issuance of a word processing handbook to aid agencies in developing and operating word processing systems.

The General Services Administration agreed with our recommendations and has taken actions which should improve agency management of word processing equipment resulting in increased productivity and reduced costs. In fiscal year 1980 the National Archives and Records Service (NARS) began conducting audits in five agencies to determine the agencies' compliance with archives guidance. In addition, NARS will soon release the final version of its word processing handbook and begin a limited clearinghouse effort. (FGMSD-79-17, April 6, 1979)

Improvements in Funding International Studies

In a report to the Secretary of State, we recommended that the Department of State, with the concurrence of the Director of the Office of Management and Budget, establish a separate fund to ensure that monies are available to promptly begin those necessary International Joint Commission studies which were not yet requested at the time the budget was required. Delays in starting studies could drastically increase the cost of initiating projects and associated construction.

The Department of State agreed with our recommendation and requested and obtained funds for a "Reference Referral Start-Up Fund" for fiscal year 1980. Given the steadily increasing costs of construction, this change will make constructing countries more willing to agree to initiating projects and could make the projects less expensive. (ID-78-10, February 8, 1978)

Improved Procedures for Managing Foreign Assistance Programs

So that the Agency for International Development (AID) can more effectively manage development programs and projects, we recommended that it issue clear and definitive guidance to project managers; provide more effective training in procurement, contracting, and supply-management matters; and develop time-phased procurement plans and schedules. AID agreed with our views and, on September 16, 1980, advised us of the action taken to implement our recommendations. The steps include the preparation of a comprehensive project officers' guidebook, the revision of AID's outmoded project policies and methods manual, and the establishment of an integrated training program on project management techniques. These actions should improve the overall quality of AID project implementation. (ID-80-33, July 15, 1980)

Legislative Provision Provides U.S. International Airlines Government Response to Discriminatory and Unfair Competitive Practices

In a report to the Congress entitled "The Critical Role of Government in International Air Transport," we recommended, among other things, that the Congress amend the International Air Transportation Fair Competitive Practices Act of 1974 to provide for prompt Government response to unfair competitive practices. We suggested specific language changes to the act.

Public Law 96-192 enacted on February 15, 1980, amends section 2 of the Air Transportation Fair Competitive Practices Act to require the Civil Aeronautics Board to take action within 60 days after receipt of a complaint. Extensions of 30 days each can be granted if the Board thinks that the complaint can be resolved through negotiations. However, the aggregate period for taking action may not exceed 180 days from time the complaint is received. This legislative requirement is similar to that recommended in our report.

We believe this new legislation will provide U.S. international air carriers with prompt Government action on allegations of discriminatory and unfair competitive practices. (ID-77-50, March 17, 1978)

To prevent unnecessary expenditures associated with constructing secondary treatment facilities, the Congress should amend the Federal Water Pollution Control Act to permit the Administrator of the Environmental Protection Agency to grant waivers, deferrals, or modifications when dischargers to fresh water can demonstrate that the environmental impact of secondary treatment will be minimal or insignificant. (CED-78-76, May 12, 1978)

Committee jurisdiction:

Senate: *Environment and Public Works*

House: *Public Works and Transportation*

Before the Corps' non-Federal dam inspection program ends in 1981, the Congress should direct the Chief, Corps of Engineers, to propose legislation defining an appropriate continuing Federal role in non-Federal dam safety. (CED-79-30, March 8, 1979)

Committee jurisdiction:

Senate: *Environment and Public Works*

House: *Public Works and Transportation*

By 1980, an estimated 56 million metric tons of hazardous waste requiring environmentally safe disposal will be generated annually. The Administrator of the Environmental Protection Agency should propose legislation to create a self-sustaining national trust fund which would be supported by fees assessed on the disposal of hazardous wastes. The fund could cover liability and the costs for dumpsite owners

authorized under the Resource Conservation and Recovery Act of 1976 to take remedial action to prevent continued environmental contamination. (CED-79-13, December 19, 1978; CED-79-14, January 23, 1979)

Committee jurisdiction:

Senate: *Environment and Public Works*

House: *Public Works and Transportation*

The Congress should establish a task force of the principal State and Federal executive agencies in the Colorado River Basin and water user representatives to determine the appropriate management and decisionmaking structure for the basin and the rules and regulations under which it will operate.

The Congress should temporarily defer Federal construction funding for

- the upstream salinity control projects in the Colorado River Basin until the Bureau of Reclamation develops an alternative plan which compares the costs and benefits of the many alternatives, addresses the salinity problems in a comprehensive manner, and results in an effective and efficient basinwide program and
- the Yuma Desalting Complex until the Bureau has reevaluated its feasibility and considered other viable and/or less costly alternatives. (CED-79-11, May 4, 1979)

Committee jurisdiction:

Senate: *Appropriations*

Energy and Natural Resources

Environment and Public Works

House: *Appropriations*

Interior and Insular Affairs

Public Works and Transportation

Veterans Benefits and Services

The Congress should adopt the Veterans Administration's (VA's) legislative proposal to terminate GI bill benefits for flight and correspondence training. However, if these programs are not eliminated, other legislative action should be taken to modify and clarify the 50-percent job placement rule to

- include a minimum acceptable completion rate for vocational objective courses,
- require that 50 percent of the veterans and other eligible persons who complete vocational objective courses obtain employment in the occupational category for which training was received, and
- require that such employment constitute the veterans' primary vocational pursuit and major source of occupational income. (HRD-79-115, August 24, 1979)

Committee jurisdiction:

Senate: *Veterans' Affairs*

House: *Veterans' Affairs*